

## Union Calendar No. 418

111TH CONGRESS }  
2d Session

HOUSE OF REPRESENTATIVES

{ REPORT  
111-695

REPORT ON THE ACTIVITY  
OF THE  
COMMITTEE ON SMALL BUSINESS  
FOR THE  
ONE HUNDRED ELEVENTH CONGRESS



DECEMBER 23, 2010.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

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WASHINGTON : 2010



## LETTER OF TRANSMITTAL

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
*Washington, DC, December 23, 2010.*

Hon. LORAINNE C. MILLER,  
*Clerk, House of Representatives,*  
*Washington, DC.*

DEAR MS. MILLER: Pursuant to clause 1(d) of rule XI of the Rules of the House of Representatives for the 111th Congress, I present herewith a report on the activity of the Committee on Small Business for the 111th Congress, including the Committee's review and study of legislation within its jurisdiction, and the oversight activities undertaken by the Committee.

Yours truly,

NYDIA M. VELÁZQUEZ,  
*Chairwoman.*



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## Union Calendar No. 418

111TH CONGRESS 2d Session	HOUSE OF REPRESENTATIVES	REPORT 111-695
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### REPORT ON THE ACTIVITY OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED ELEVENTH CONGRESS

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Ms. VELÁZQUEZ of New York, from the Committee on Small  
Business, submitted the following

### R E P O R T

Clause 1(d) of rule XI of the Rules of the House of Representatives for the 111th Congress requires that each standing committee, not later than January 2 of each odd-numbered year, submit to the House a report on the activities of that committee, including separate sections summarizing the legislative and oversight activities of that committee during that congress.

### JURISDICTION AND SPECIAL OVERSIGHT FUNCTION

Clause 1(p) of rule X of the Rules of the House of Representatives for the 111th Congress sets forth the jurisdiction of the Committee on Small Business as follows—

(1) Assistance to and protection of small business, including financial aid, regulatory flexibility, and paperwork reduction.

(2) Participation of small business enterprises in Federal procurement and Government contracts.

Clause 3(l) of rule X of the Rules of the House of Representatives for the 111th Congress sets forth the Special Oversight Function of the Committee on Small Business as follows—

The Committee on Small Business shall study and investigate on a continuing basis the problems of all types of small business.

## **RULES OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED ELEVENTH CONGRESS**

### **1. GENERAL PROVISIONS**

The Rules of the House of Representatives, and in particular the committee rules enumerated in rule XI, are the rules of the Committee on Small Business to the extent applicable and by this reference are incorporated. Each subcommittee of the Committee on Small Business (hereinafter referred to as the “committee”) is a part of the committee and is subject to the authority and direction of the committee, and to its rules to the extent applicable.

### **2. REFERRAL OF BILLS BY CHAIRWOMAN**

Unless retained for consideration by the committee, all legislation and other matters referred to the committee shall be referred by the Chairwoman as she deems appropriate to the subcommittee of appropriate jurisdiction within 14 days. Where the subject matter of the referral involves the jurisdiction of more than one subcommittee or does not fall within any previously assigned jurisdictions, the Chairwoman shall refer the matter, as she may deem advisable.

In referring any measure or matter to a subcommittee, the Chairwoman may specify a date by which the subcommittee shall report thereon to the subcommittee. The Chairwoman may also discharge a subcommittee from consideration of any measure or matter referred to a subcommittee.

### **3. DATE OF MEETING**

The regular meeting date of the committee shall be the second Thursday of every month when the House is in session. A regular meeting of the committee may be dispensed with if, in the judgment of the Chairwoman, there is no need for the meeting. Additional meetings may be called by the Chairwoman as she may deem necessary or at the request of a majority of the members of the committee in accordance with clause 2(c) of rule XI of the House.

At least 3 days notice of such an additional meeting shall be given unless the Chairwoman determines that there is good cause to call the meeting on less notice.

The determination of the business to be considered at each meeting shall be made by the Chairwoman subject to clause 2(c) of rule XI of the House.

A regularly scheduled meeting need not be held if there is no business to be considered or, upon at least 3 days notice, it may be set for a different date.

### **4. ANNOUNCEMENT OF HEARINGS**

Unless the Chairwoman, with the concurrence of the Ranking Minority Member, or the committee by majority vote, determines that there is good cause to begin a hearing at an earlier date, public announcement shall be made of the date, place and subject mat-



ter of any hearing to be conducted by the committee at least 7 calendar days before the commencement of that hearing.

After announcement of a hearing, the committee shall make available as soon as practicable to all Members of the committee a tentative witness list and to the extent practicable a memorandum explaining the subject matter of the hearing (including relevant legislative reports and other necessary material). In addition, the Chairwoman shall make available as soon as practicable to the Members of the committee any official reports from departments and agencies on the subject matter as they are received.

#### 5. MEETINGS AND HEARINGS OPEN TO THE PUBLIC

##### *(A) Meetings*

Each meeting of the committee or its subcommittees for the transaction of business, including the markup of legislation, shall be open to the public, including to radio, television and still photography coverage, except as provided by clause 4 of rule XI of the House, except when the committee or subcommittee, in open session and with a majority present, determines by record vote that all or part of the remainder of the meeting on that day shall be closed to the public because disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade or incriminate any person or otherwise would violate any law or rule of the House; Provided, however, that no person other than members of the committee, and such congressional staff and such executive branch representatives as they may authorize, shall be present in any business meeting or markup session which has been closed to the public.

##### *(B) Hearings*

Each hearing conducted by the committee or its subcommittees shall be open to the public, including radio, television and still photography coverage, except when the committee or subcommittee, in open session and with a majority present, determines by record vote that all or part of the remainder of the hearing on that day shall be closed to the public because disclosure of testimony, evidence or other matters to be considered would endanger the national security, would compromise sensitive law enforcement information, or would violate any law or rule of the House; Provided, however, that the committee or subcommittee may by the same procedure vote to close one subsequent day of hearings. Notwithstanding the requirements of the preceding sentence, a majority of those present, there being in attendance the requisite number required under the rules of the committee to be present for the purpose of taking testimony, (i) may vote to close the hearing for the sole purpose of discussing whether testimony or evidence to be received would endanger the national security, would compromise sensitive law enforcement information, or violate clause 2(k)(5) of rule XI of the House; or (ii) may vote to close the hearing, as provided in clause 2(k)(5) of rule XI of the House.

All members of the committee shall be able to participate in any subcommittee hearing. No member of the House may be excluded from non-participatory attendance at any hearing of the committee

or any subcommittee, unless the House of Representatives shall by majority vote authorize the committee or subcommittee, for purposes of a particular series of hearings on a particular article of legislation or on a particular subject of investigation, to close its hearing to members by the same procedures designated for closing hearings to the public. Additionally, such members who would like to not only attend, but participate shall notify the Ranking Minority Member and submit a request in writing to the Chairwoman two days in advance of such hearing. Such requests shall be subject to approval of the Chairwoman and the Ranking Member.

#### 6. WITNESSES

##### *(A) Statement of witnesses*

Each witness who is to appear before the committee or subcommittee shall file with the committee at least two business days before the day of his or her appearance 75 copies of his or her written statement of proposed testimony. Each witness shall also submit to the committee a copy of his or her final prepared statement in an electronic format at that time.

At least one copy of the statement of each witness shall be furnished directly to the Ranking Minority Member. In addition, all witnesses shall be required to submit with their testimony a curriculum vitae or other statement describing their education, employment, professional affiliations and other background information pertinent to their testimony unless waived by the Chairwoman. Each witness will complete a disclosure form detailing any contracts or business that they currently have with the federal government.

The committee will provide public access to its printed materials, including the proposed testimony of witnesses, in electronic form.

##### *(B) Interrogation of witnesses*

Whenever any hearing is conducted by the committee or any subcommittee upon any measure or matter, the minority party members on the committee shall be entitled, upon request to the Chairwoman by a majority of those minority members, to call a witness or witnesses selected by the minority to testify with respect to that measure or matter. The minority shall be entitled to a ratio of one-third of the witnesses testifying. For the purposes of determining this ratio, it shall not include testifying government officials. The witnesses requested by the minority shall be invited to testify by the Chairwoman and must furnish at least one copy of his or her statement and any supplementary materials directly to the Chairwoman within two business days before the day of his or her appearance unless waived by the Chairwoman.

Except when the committee adopts a motion pursuant to subdivisions (B) and (C) of clause 2(j)(2) of rule XI of the rules of the House, committee members may question witnesses only when they have been recognized by the Chairwoman for that purpose, and only for a 5-minute period until all members present have had an opportunity to question a witness. The Chairwoman and the Ranking Member shall not be subject to the 5-minute period limitation. For all other Committee Members, the 5-minute period for questioning a witness by any one member can be extended only with

the unanimous consent of all members present. The Chairwoman, followed by the Ranking Minority Member and all other members alternating between the majority and minority, shall initiate the questioning of witnesses in both the full and subcommittee hearings. The order for questioning by members of each party shall be determined by the time in which the member arrived at the hearing after the gavel has been struck, with the first arriving having priority over members of his or her party. If members arrive at the same time, then seniority on the committee shall dictate the order.

In recognizing members to question witnesses, the Chairwoman may take into consideration the ratio of majority and minority members present in such a manner as not to disadvantage the Members of either party. The Chairwoman, in consultation with the Ranking Minority Member, may decrease the 5-minute time period in order to accommodate the needs of all the Members present and the schedule of the witnesses.

#### 7. SUBPOENAS

A subpoena may be authorized and issued by the committee in the conduct of any investigation or series of investigations or activities to require the attendance and testimony of such witness and the production of such books, records, correspondence, memoranda, papers and documents, as deemed necessary. Such a subpoena shall be authorized by a majority vote of the full committee. The requirement that the authorization of a subpoena require a majority vote may be waived by the Ranking Minority Member. The Chairwoman may issue a subpoena, in consultation with the Ranking Minority Member, when the House is out of session for a period of 3 days or longer.

#### 8. QUORUM

No measure or recommendation shall be reported unless a majority of the committee was actually present. For purposes of taking testimony or receiving evidence, there shall be one member from the majority and one member from the minority for the purposes of a quorum. Such requirement may be waived for field hearings by the Chairwoman. For all other purposes, one-third of the members (or 11 Members) shall constitute a quorum.

#### 9. AMENDMENTS DURING MARK-UP

Any amendment offered to any pending legislation before the committee or subcommittee must be made available in written form when requested by any member of the committee. If such amendment is not available in written form when requested, the Chair shall allow an appropriate period for the provision thereof.

#### 10. POSTPONEMENT OF PROCEEDINGS

The Chairwoman in consultation with the Ranking Minority Member may postpone further proceedings when a record vote is ordered on the question of approving any measure or matter or adopting an amendment. The Chairwoman may resume proceedings postponed at any time, but no later than the next meeting day. In exercising postponement authority, the Chairwoman shall take all reasonable steps necessary to notify members on the re-

sumption of proceedings on any postponed recorded vote. When proceedings resume on a postponed question, notwithstanding any intervening order for the previous question, an underlying proposition shall remain subject to further debate or amendment to the same extent as when the question was postponed.

#### 11. NUMBER AND JURISDICTION OF SUBCOMMITTEES

There will be five subcommittees as follows:

##### *Subcommittee on Finance and Tax*

The Small Business Administration (SBA) Lending and Investment programs: Section 7(a) loan program, 504 Certified Development Company program, Small Business Investment Company program, Disaster Loan Assistance programs, and Microloan program.

Access to capital and finance issues generally.

Oversight over tax policy and retirement/pension matters affecting small businesses.

##### *Subcommittee on Contracting and Technology*

SBA Contracting programs including the following: Section 8(a) Business Development program, Small Disadvantaged Business (SDB) certification operated by SBA, Women's Procurement Program, HUBZone program, Surety Bond program, Service-disabled veteran procurement, and Section 7(j) management and technical assistance program.

SBA Technology programs: Small Business Innovation Research (SBIR) program, Small Business Technology Transfer program.

Oversight of government-wide procurement practices and programs affecting small businesses.

Oversight of technology and patent issues.

##### *Subcommittee on Regulations and Healthcare*

The Regulatory Flexibility Act, the Small Business Regulatory Enforcement Fairness Act, and the Paperwork Reduction Act.

SBA's Office of Advocacy, National Ombudsman, and SBA small business size standards.

Oversight of regulations and regulatory issues that affect small businesses.

Oversight of healthcare coverage issues.

Oversight over issues affecting small healthcare providers.

##### *Subcommittee on Rural Development, Entrepreneurship and Trade*

SBA entrepreneurial development programs: Women's Business Centers, National Veterans Business Development Corporation, Small Business Development Centers, SCORE, Drug Free Workplace program, Office of Women's Business Ownership, and National Women's Business Council (NWBC).

New Markets Venture Capital (NMVC) program, New Markets Tax Credit program, BusinessLINC and the Program for Re-Investment in Micro entrepreneurs.

General oversight of programs targeted toward rural development and economic growth as well as general federal government entrepreneurial development programs.

Oversight of agricultural issues.

Oversight of energy issues.

Oversight of trade issues, including SBA's Office of International Trade.

*Subcommittee on Investigations and Oversight*

Oversight of SBA Administration, Management, and Agency Practices.

Oversight of activities by the Office of the Inspector General at SBA.

Oversight over general issues impacting small businesses.

12. COMMITTEE STAFF

*(A) Majority staff*

The employees of the committee, except those assigned to the minority as provided below, shall be appointed and assigned, and may be removed by the Chairwoman. The Chairwoman shall fix their remuneration, and they shall be under the general supervision and direction of the Chairwoman.

*(B) Minority staff*

The employees of the committee assigned to the minority shall be appointed and assigned, and their remuneration determined, as the Ranking Minority Member of the committee shall determine.

*(C) Subcommittee staff*

The Chairwoman and Ranking Minority Member of the full committee shall endeavor to ensure that sufficient committee staff is made available to each subcommittee to carry out its responsibilities under the rules of the committee.

13. POWERS AND DUTIES OF SUBCOMMITTEES

Each subcommittee is authorized to meet, hold hearings, receive evidence, and report to the full committee on all matters referred to it. Subcommittee chairmen shall hold such meetings and hearings after approval of the Chairwoman of the full committee. Meetings and hearings of subcommittees shall not be scheduled to occur simultaneously with meetings or hearings of the full committee.

14. RECORDS

The committee shall keep a complete record of all actions, which shall include a record of the votes on any question on which a record vote is demanded. The result of each subcommittee record vote, together with a description of the matter voted upon, shall promptly be made available to the full committee. A record of such votes shall be made available for inspection by the public at reasonable times in the offices of the committee.

The committee shall keep a complete record of all committee and subcommittee activity which, in the case of any meeting or hearing transcript, shall include a substantially verbatim account of remarks actually made during the proceedings, subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks involved.

The records of the committee at the National Archives and Records Administration shall be made available in accordance with rule VII of the Rules of the House. The Chairwoman of the full

committee shall notify the Ranking Minority Member of the full committee of any decision, pursuant to clause 3(b)(3) or clause 4(b) of rule VII of the House, to withhold a record otherwise available, and the matter shall be presented to the committee for a determination of the written request of any member of the committee.

#### 15. ACCESS TO CLASSIFIED OR SENSITIVE INFORMATION

Access to classified or sensitive information supplied to the committee and attendance at closed sessions of the committee or its subcommittees shall be limited to members and necessary committee staff and stenographic reporters who have appropriate security clearance when the Chairwoman determines that such access or attendance is essential to the functioning of the committee.

The procedures to be followed in granting access to those hearings, records, data, charts, and files of the committee which involve classified information or information deemed to be sensitive shall be as follows:

(A) Only Members of the House of Representatives and specifically designated committee staff of the Committee on Small Business may have access to such information.

(B) Members who desire to read materials that are in the possession of the committee should notify the clerk of the committee.

(C) The clerk will maintain an accurate access log, which identifies the circumstances surrounding access to the information, without revealing the material examined.

(D) If the material desired to be reviewed is material which the committee or subcommittee deems to be sensitive enough to require special handling, before receiving access to such information, individuals will be required to sign an access information sheet acknowledging such access and that the individual has read and understands the procedures under which access is being granted.

(E) Material provided for review under this rule shall not be removed from a specified room within the committee offices.

(F) Individuals reviewing materials under this rule shall make certain that the materials are returned to the proper custodian.

(G) No reproductions or recordings may be made of any portion of such materials.

(H) The contents of such information shall not be divulged to any person in any way, form, shape, or manner, and shall not be discussed with any person who has not received the information in an authorized manner.

(I) When not being examined in the manner described herein, such information will be kept in secure safes or locked file cabinets in the committee offices.

(J) These procedures only address access to information the committee or a subcommittee deems to be sensitive enough to require special treatment.

(K) If a member of the House of Representatives believes that certain sensitive information should not be restricted as to dissemination or use, the member may petition the committee or subcommittee to so rule. With respect to information and materials provided to the committee by the executive branch, the classification of information and materials as determined by the executive branch shall prevail unless affirmatively changed by the committee

or the subcommittee involved, after consultation with the appropriate executive agencies.

(L) Other materials in the possession of the committee are to be handled in accordance with the normal practices and traditions of the committee.

#### 16. OTHER PROCEDURES

The Chairwoman of the full committee may establish such other procedures and take such actions as may be necessary to carry out the foregoing rules or to facilitate the effective operation of the committee.

#### 17. AMENDMENTS TO COMMITTEE RULES

The rules of the committee may be modified, amended or repealed by a majority of the members, at a meeting specifically called for such purpose, but only if written notice of the proposed change has been provided to each such member at least 3 days before the time of the meeting.

#### 18. BUDGET AND TRAVEL

(A) From the amount provided to the Committee in the primary expense resolution adopted by the U.S. House of Representatives for the 111th Congress, the Chairwoman, after consultation with the Ranking Minority Member, shall designate one-third of the budget under the direction of the Ranking Minority Member for the purposes of minority staff, travel expenses of minority staff and members, and minority office expenses.

(B) The Chairwoman may authorize travel in connection with activities or subject matters under the general jurisdiction of the Committee.

(C) The Ranking Minority Member may authorize travel for any minority member or minority committee staff member in connection with activities or subject matters under the general jurisdiction of the Committee. Before such travel, there shall be submitted to the Chairwoman in writing the following at least seven calendar days prior:

- a) The purpose of the travel.
- b) The dates during which the travel is to occur.
- c) The names of the States or countries to be visited and the length of time spent in each.
- d) The names of members and staff of the committee participating in such travel.

At the conclusion of such travel, a summary of the activity and its accomplishments shall be provided to the Chairwoman within ten calendar days.

#### 19. COMMITTEE WEBSITE

The Chairwoman shall maintain an official Committee website for the purpose of furthering the Committee's legislative and oversight responsibilities, including communicating information about the Committee's activities to Committee members and other Members of the House. The Ranking Minority Members may maintain a similar website for the same purpose, including communicating

information about the activities of the minority to Committee members and other Members of the House.

20. VICE CHAIR

Pursuant to House Rules, the Chairwoman shall designate a member of the majority party to serve as Vice Chairman of the Committee. The Vice Chairman shall preside at any meeting or hearing during the temporary absence of the Chairwoman. The Chair also reserves the right to designate a committee member of the majority to serve as the Chair at a hearing or meeting.



**MEMBERSHIP AND ORGANIZATION OF THE  
COMMITTEE ON SMALL BUSINESS  
ONE HUNDRED ELEVENTH CONGRESS  
COMMITTEE ON SMALL BUSINESS**

## FULL COMMITTEE LIST

Rep. NYDIA M. VELÁZQUEZ, New York <i>Chairwoman</i>	Rep. SAM GRAVES, Missouri <i>Ranking Member</i>
Rep. DENNIS MOORE, Kansas	Rep. ROSCOE G. BARTLETT, Maryland
Rep. HEATH SHULER, North Carolina	Rep. W. TODD AKIN, Missouri
Rep. KATHY DAHLKEMPER, Pennsylvania	Rep. STEVE KING, Iowa
Rep. KURT SCHRADER, Oregon	Rep. LYNN A. WESTMORELAND, Georgia
Rep. ANN KIRKPATRICK, Arizona	Rep. LOUIE GOHMERT, Texas
Rep. GLENN NYE, Virginia	Rep. MARY FALLIN, Oklahoma
Rep. MARK CRITZ, Pennsylvania <sup>1</sup>	Rep. VERN BUCHANAN, Florida
Rep. MICHAEL MICHAUD, Maine	Rep. BLAINE LUETKEMEYER, Missouri
Rep. MELISSA BEAN, Illinois	Rep. AARON SCHOCK, Illinois
Rep. DAN LIPINSKI, Illinois	Rep. GLENN THOMPSON, Pennsylvania
Rep. JASON ALTMIRE, Pennsylvania	Rep. MIKE COFFMAN, Colorado
Rep. YVETTE CLARKE, New York	
Rep. BRAD ELLSWORTH, Indiana	
Rep. JOE SESTAK, Pennsylvania	
Rep. BOBBY BRIGHT, Alabama	
Rep. PARKER GRIFFITH, Alabama <sup>2</sup>	
Rep. DEBORAH HALVORSON, Illinois	

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<sup>1</sup>Joined the Committee on May 25, 2010.

<sup>2</sup>Left the Committee on December 23, 2009.

## SUBCOMMITTEE LIST

### SUBCOMMITTEE ON FINANCE AND TAX

Rep. KURT SCHRADER, <i>Chair</i>	Rep. VERN BUCHANAN, <i>Ranking Member</i>
Rep. DENNIS MOORE	Rep. STEVE KING
Rep. ANN KIRKPATRICK	Rep. TODD AKIN
Rep. MELISSA BEAN	Rep. BLAINE LUETKEMEYER
Rep. JOE SESTAK	Rep. MIKE COFFMAN
Rep. DEBORAH HALVORSON	
Rep. GLENN NYE	
Rep. MICHAEL MICHAUD	

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### SUBCOMMITTEE ON CONTRACTING AND TECHNOLOGY

Rep. GLENN NYE, <i>Chair</i>	Rep. AARON SCHOCK, <i>Ranking Member</i>
Rep. YVETTE CLARKE	Rep. ROSCOE BARTLETT
Rep. BRAD ELLSWORTH	Rep. TODD AKIN
Rep. KURT SCHRADER	Rep. MARY FALLIN
Rep. DEBORAH HALVORSON	Rep. GLENN THOMPSON
Rep. MELISSA BEAN	
Rep. JOE SESTAK	
Rep. MARK CRITZ <sup>3</sup>	

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<sup>3</sup>Rep. Mark Critz joined the Committee on May 25, 2010.

SUBCOMMITTEE ON REGULATIONS AND HEALTHCARE

Rep. KATHY DAHLKEMPER, <i>Chair</i>	Rep. LYNN WESTMORELAND,
Rep. DAN LIPINSKI	<i>Ranking Member</i>
Rep. MELISSA BEAN	Rep. STEVE KING
Rep. JASON ALTMIRE	Rep. VERN BUCHANAN
Rep. JOE SESTAK	Rep. GLENN THOMPSON
Rep. BOBBY BRIGHT	Rep. MIKE COFFMAN
Rep. MARK CRITZ <sup>4</sup>	

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<sup>4</sup>Rep. Mark Critz joined the Committee on May 25, 2010.

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SUBCOMMITTEE ON RURAL DEVELOPMENT, ENTREPRENEURSHIP AND TRADE

Rep. HEATH SHULER, <i>Chair</i>	Rep. BLAINE LUETKEMEYER,
Rep. MICHAEL MICHAUD	<i>Ranking Member</i>
Rep. BOBBY BRIGHT	Rep. STEVE KING
Rep. KATHY DAHLKEMPER	Rep. AARON SCHOCK
Rep. ANN KIRKPATRICK	Rep. GLENN THOMPSON
Rep. YVETTE CLARKE	

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SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

Rep. JASON ALTMIRE, <i>Chair</i>	Rep. MARY FALLIN,
Rep. HEATH SHULER	<i>Ranking Member</i>
Rep. BRAD ELLSWORTH	Rep. LOUIE GOHMERT
VACANCY <sup>5</sup>	

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<sup>5</sup>Vacancy due to Rep. Parker Griffith departure from the Committee on December 23, 2009.

## **COMMITTEE STAFF**

### **MAJORITY STAFF**

Michael Day, Staff Director  
Adam Minehardt, Deputy Staff Director  
Tim Slattery, Chief Counsel  
Russell Orban, General Counsel  
Moraima Garcia, Office Manager  
Darien Gutierrez, Clerk  
Tom Dawson, Health Care Counsel  
Sarah Gallo, Agriculture Counsel  
David Grossman, Technology Counsel  
Andy Jiminez, Banking Counsel  
Erik Lieberman, Regulatory Counsel  
Chris Lyons, Oversight Counsel  
Naveen Parmar, Tax Counsel  
Nicole Witenstein, Trade Counsel  
Melissa Johnson, Professional Staff  
Eminence Northcutt, Professional Staff  
Justin Pelletier, Professional Staff  
Alex Haurek, Communications Director  
Zamir Ahmed, Deputy Press Secretary  
Duncan Neasham, Deputy Press Secretary  
Xinia Bermúdez, Staff Assistant

### **MINORITY STAFF**

Karen Haas, Staff Director  
Janet Oliver, Deputy Staff Director  
Paul Sass, Deputy Chief of Staff  
Barry Pineles, Chief Counsel  
Lisa Christian, Professional Staff  
Joe Hartz, Professional Staff Member  
Brooke Shupe, Professional Staff  
Mark Ratto, Professional Staff Member  
Caroline Rabbit, Staff Assistant  
Alexandra Sollberger, Communications Director  
Kelly Hoffman, Press Assistant

## **LEGISLATIVE AND OVERSIGHT ACTIVITIES**

During the 111th Congress, 100 bills were referred to the Committee on Small Business. The full Committee reported to the House or was discharged from the further consideration of 22 measures, not including conference reports. 12 measures regarding matters within the Committee's jurisdiction were enacted into law.

The following is a summary of the legislative and oversight activities of the Committee on Small Business during the 111th Congress, including a summary of the activities taken by the Committee to implement its Oversight Plan submitted under clause 2(d) of House rule X. In addition, this report includes a summary of hearings held pursuant to clauses 2(n), (O), and (P) under House rule XI.



FULL COMMITTEE  
LEGISLATIVE ACTIVITIES  
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009  
(H.R. 1)

*Summary*

H.R. 1 amended the Small Business Act to suspend, until September 30, 2010, fees under the 7(a) program and the 504 program. The legislation also authorized the SBA to guarantee up to 90 percent of a 7(a) loan and directed the SBA Administrator to establish a Secondary Market Guarantee Authority and a process in which private lenders may apply for a federal guarantee on pools of first lien position 504 loans that are to be sold to third-party investors. The legislation authorized the Administrator to guarantee up to \$3 billion of such pools and requires monthly reports from the Administrator to Congress on the guarantee authority.

The legislation permitted the refinancing of existing indebtedness under the 504/CDC program, in an amount not to exceed 50 percent of the projected cost of the project financed, under certain conditions. It also provided that a 504/CDC project meets SBA policy objectives if it creates or retains one job for every \$65,000 guaranteed by the SBA.

With regard to the Small Business Investment Company program, H.R. 1 revised and increased the maximum amount of outstanding leverage made available to a licensed investment company and revised aggregate investment limits under such program.

H.R. directed the Administrator to carry out a temporary program to provide loans on a deferred basis to viable small businesses that have a non-SBA-guaranteed small business loan and that were experiencing immediate financial hardship. Each such loan was limited to \$35,000 and SBA was prohibited from charging a fee for such loans.

The legislation also increased the maximum surety bond guarantee amount and temporarily authorized the Administrator to guarantee a surety for a total work order or contract amount that does not exceed \$10 million, if a federal agency contracting officer certifies that such a guarantee is necessary.

H.R. 1 authorized the SBA to establish a temporary Secondary Market Lending Authority to make loans to the systematically important secondary market broker-dealers who operate the SBA secondary market.

*Legislative history*

H.R. 1 was introduced by Rep. Obey on January 26, 2009. The bill was referred to the Committee on Appropriations and the Committee on the Budget.

On January 28, 2009, the legislation passed the House by a vote of 244 to 188. The Senate passed H.R. 1, as amended, on January 20, 2009 by a vote of 61 to 37. Conference negotiations began shortly thereafter and the conference report passed the House on February 13, 2009 by a vote of 246 to 183, with 1 voting present. On the same day, the Senate passed the conference report by a vote of 60 to 38.

On February 17, 2009, the legislation was signed by the President and became Public Law 111–5.

CONGRATULATING THE MINORITY BUSINESS DEVELOPMENT AGENCY  
ON ITS 40TH ANNIVERSARY AND COMMENDING ITS ACHIEVEMENTS IN  
FOSTERING THE ESTABLISHMENT AND GROWTH OF MINORITY BUSI-  
NESSES IN THE UNITED STATES

(H. RES. 215)

*Summary*

H. Res. 215 congratulates the Minority Business Development Agency on its 40th anniversary, commends its achievement in fostering the establishment and growth of minority businesses, and encourages it to continue its efforts to assist minority businesses as such enterprises continue to strengthen communities, create jobs, and contribute to the health of the economy in the United States.

*Legislative history*

H. Res. 215 was introduced by Representative Michael Honda on March 5, 2009. Original Cosponsors included the Committee Chairwoman Nydia Velázquez, Representative Barbara Lee, and Representative Dale Kildee. The bill was referred to the Committee on Financial Services and the Committee on Small Business.

On September 15, 2009, the House considered H.Res. 215 under suspension of the rules and it passed by voice vote.

CONGRATULATING THE ON-PREMISE SIGN INDUSTRY FOR ITS  
CONTRIBUTIONS TO THE SUCCESS OF SMALL BUSINESSES

(H. RES. 298)

*Summary*

H. Res. 298 applauds the United States Small Business Administration for educating small business owners on the benefits of using well-placed, well-designed on-premise signs to overcome competitive disadvantages in the areas of marketing and advertising, and encourages the on-premise sign industry to continue its efforts to produce a new and greater understanding of how to develop safer, more effective, and more affordable signage products so as to alleviate small businesses' competitive disadvantages in marketing and advertising.

*Legislative history*

H. Res. 298 was introduced by Representative Steven King on March 30, 2009. Original Cosponsors included Representative Dan Boren and Representative Stephanie Herseth Sandlin. The bill was referred to the Committee on Small Business.



On April 1, 2009, the House considered H. Res. 298 under suspension of the rules and it passed by voice vote.

VETERANS BUSINESS CENTER ACT OF 2009

(H.R. 1803)

*Summary*

H.R. 1803 amends key sections of the Small Business Act to meet the emerging needs of the growing veteran population by ensuring the sector has affordable, timely and comprehensive access to resources to start or grow small businesses. The bill targets resources and expertise at the agency to the needs of veterans, including those requiring customized assistance such as reservists, service-disabled veterans, and women.

The legislation enhances assistance to veteran entrepreneurs in three main areas: outreach, business counseling, and targeted resources to address specific issues. To provide veterans returning from deployment with access to entrepreneurial development resources in their local communities, the legislation provides for the establishment of additional outreach centers through a newly-created Veterans Business Center program at the agency. The bill also provides new resources for the development of specialized assistance to veteran-owned firms, specifically aid in accessing capital, procurement assistance, and for service-disabled veterans. Finally, the legislation updates the structure of entrepreneurial development assistance to the sector at the agency by establishing a Director of the new Veterans Business Center Program and formalizing the role of the National Veterans Task Force.

*Legislative history*

H.R. 1803 was introduced by Rep. Glenn Nye on March 31, 2009. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation. The Committee received testimony from the small business community, including a veteran's small business association representative who also serves as the Chairman of SBA's Advisory Committee on Veterans Business Affairs. He testified on the merits of the legislation and the need for an expansion of services to this sector through the legislation.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1803 reported to the Committee on Small Business by a voice vote.

On July 28, 2009, the House considered H.R. 1803 and passed the bill by a voice vote. On July 29, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

## EDUCATING ENTREPRENEURS THROUGH TODAY'S TECHNOLOGY ACT

(H.R. 1807)

*Summary*

H.R. 1807 establishes distance training and education to potential as well as existing entrepreneurs through the use of high-speed communication technology. The legislation targets resources toward expanding access to affordable entrepreneurial development resources for firms across geographical borders.

To increase access to business development services, the bill promotes the development and dissemination of virtual information through an interactive process and customized to the needs of specific businesses. To do this, the legislation provides for the establishment of contracts with service providers to develop entrepreneurial training content to be virtually conveyed to facilities across the country, including to SBA Small Business Development Centers, Women's Business Centers, Veterans Business Outreach Centers, and district offices as well as home based businesses. The information to be distributed through the legislation is required to remain flexible and adaptive to entrepreneurs' changing needs.

*Legislative history*

H.R. 1807 was introduced by Rep. Glenn Thompson on March 31, 2009. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation. The Committee received testimony from small business representatives, including an administrator of a community education center who discussed the benefits of the additional resources to be established in the legislation, particularly on rural regions.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1807 reported to the Committee on Small Business by a voice vote.

On July 28, 2009, the House considered H.R. 1807 and passed the bill by a voice vote. On July 29, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

NATIVE AMERICAN BUSINESS DEVELOPMENT ENHANCEMENT ACT OF  
2009

(H.R. 1834)

*Summary*

H.R. 1834 ensures entrepreneurial development services are customized to Native American small business owners' needs by amending the Small Business Act to establish the Office of Native American Affairs at the Small Business Administration (SBA). It also establishes grants for business development outreach facilities in regions with high concentrations of Native American enterprises.

To ensure business assistance services at the agency are customized to this sector, the legislation formalizes the Office of Native American Affairs and tasks it with the responsibility to develop and implement tools to increase entrepreneurship. The legislation also expands access to business development services through the establishment of a Tribal Business Information Center program, which provides grants to conduct business workshops, business counseling, entrepreneurial development training, access to computer technology and other resources. The bill also establishes grants for eligible SBA Small Business Development Centers to provide customized services and work with tribal organizations in the development of the program.

#### *Legislative history*

H.R. 1834 was introduced by Rep. Ann Kirkpatrick on April 1, 2009. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation. The Committee received testimony from small business representatives, including the Chairwoman of the National Center for American Indian Enterprise Development who discussed the merits of additional policy resources and outreach facilities targeted to promoting Native American entrepreneurship.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1834 reported to the Committee on Small Business by a voice vote.

On November 19, 2009, the House considered H.R. 1834 and passed the bill by a record vote of 343 ayes and 55 nays. On November 20, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### WOMEN'S BUSINESS CENTER ACT

(H.R. 1838)

#### *Summary*

The Women's Business Centers Act improves and expands business development resources for women entrepreneurs by increasing counseling and training facilities, particularly targeting underserved areas; enhancing the operating procedures of the Women's Business Center (WBC) program at the U.S. Small Business Administration (SBA); and mandating a more targeted approach to the National Women's Business Council's research program.

The bill expands the network of assistance facilities and coordinates public-private policy efforts dedicated to this sector. The bill alters the WBC funding formula to establish more equity between permanent centers and new ones to be located in currently underserved areas, particularly rural and inner city areas. To promote services that generate economic growth for entrepreneurs and their communities, the bill establishes new program performance measurements promoting tangible outcomes for clients, such as job cre-

ation and industry productivity. To increase the efficiency and transparency of the WBC program's administration, the legislation also establishes new procedural requirements, such as resolving time delays and information lapses. Finally, to ensure that the National Women's Business Council, which is a bi-partisan federal advisory council, updates its plans in accordance with changing needs and the composition of the current entrepreneurial sector, the legislation mandates that the organization conduct specific research on priority issues.

#### *Legislative history*

H.R. 1838 was introduced by Rep. Mary Fallin on April 1, 2009. Rep. Yvette Clarke and Rep. McMorris Rodgers were original cosponsors. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation to expand entrepreneurial development resources, including for women business owners. The Committee received testimony from small business representatives, including the Coordinator for the Women's Business Center at the Rural Enterprises of Oklahoma who testified on the bill's merits, including the provision of increased resources and policy updates to the entrepreneurial development services available for this sector.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1838 reported to the Committee on Small Business by a voice vote.

On November 7, 2009, the House considered H.R. 1838 and passed the bill by a recorded vote of 428 ayes and 4 nays. On November 9, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### SCORE ACT

(H.R. 1839)

#### *Summary*

The SCORE Act updates SBA's SCORE program to ensure services provided through the network of business mentoring chapters across the country are relevant to the needs of current entrepreneurs. Given the growth of entrepreneurs from socially-economically disadvantaged backgrounds, the legislation is designed to ensure expanded representation of emerging needs in these services.

The legislation increases the effectiveness of the SCORE program by establishing new performance and benchmark requirements for the agency's business mentoring resources. The legislation establishes benchmarks regarding service delivery, such as the success of assisted entrepreneurs, as well as standards for the expertise levels of volunteers to ensure effective counseling. H.R. 1839 also requires SCORE counselors to reflect the demographics of today's business community. Specifically, program administrators are re-

quired to recruit and maintain a higher representation of volunteers from a diverse set of backgrounds, helping ensure that mentors provide appropriate advice to clients.

#### *Legislative history*

H.R. 1839 was introduced by Rep. Vern Buchanan (R-FL-13) on April 1, 2009. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation to improve entrepreneurial development resources, including through the agency's business mentoring program. The Committee received testimony from small business representatives, including the SCORE Administrator from Manasota, Florida who testified on the benefits of the legislation.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1839 reported to the Committee on Small Business by a voice vote.

On November 18, 2009, the House considered H.R. 1839 and passed the bill by a voice vote. On November 19, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### EXPANDING ENTREPRENEURSHIP ACT OF 2009

(H.R. 1842)

#### *Summary*

H.R. 1842 facilitates businesses' access to tools that provide assistance addressing the challenges of the current economy by requiring the Small Business Administration (SBA) to utilize the entrepreneurial development programs more effectively to support job creation and economic growth. The legislation updates the organization and management of the entrepreneurial development resources at the SBA by increasing coordination among agency programs; requiring strategic planning by the agency, focusing on the use of these resources for job creation; and modernizing the agency's information technology and web portal related to these programs.

The legislation promotes increased planning to strengthen entrepreneurial development services at the agency. It also requires outreach facilities to meet performance measures established to help in the creation or maintenance of jobs. To increase coordination of service delivery, the agency is required to ensure there is collaboration among the headquarters as well as state and local economic development agencies. Further, the bill requires the designation of Community Specialists in each SBA District Office. Finally, the legislation requires expanded access to agency services by restructuring informational entrepreneurial development resources.

*Legislative history*

H.R. 1842 was introduced by Rep. Luetkemeyer on April 1, 2009. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation to improve institutional structure and program implementation of the agency's ED services. The Committee received testimony from business assistance program administrators and small business representatives regarding the merits of the legislation to promote economic growth objectives through the ED resources and to better coordinate the ED network's efforts to deliver services more efficiently.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1842 reported to the Committee on Small Business by a voice vote.

On November 18, 2009, the House considered H.R. 1842 and passed the bill by a voice vote. On November 19, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

SMALL BUSINESS DEVELOPMENT CENTERS MODERNIZATION ACT OF  
2009

(H.R. 1845)

*Summary*

The Small Business Development Centers Modernization Act of 2009 updates the Small Business Development Center program (SBDC) at the Small Business Administration to provide it with the resources to address current issues impacting the entrepreneurial sector. The legislation updates services provided by SBDCs through expanding the types of assistance available and improving the program structure.

The legislation updates operational procedures to improve the delivery of services through the centers and authorizes the development of specialized assistance programs at SBDCs aimed at assisting businesses secure federal stimulus contracts and affordable financing. To maintain high levels of service through SBDCs, operational procedures are restructured to ensure that the program is administered efficiently. The legislation targets additional resources to eligible centers to establish new initiatives, including programs to help entrepreneurs access credit and capital, enter or expand in the procurement arena, become green enterprises or achieve financial stability.

*Legislative history*

H.R. 1845 was introduced by Rep. Schock on April 1, 2009. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Rural and Urban Entrepreneurship held a hearing on April 2, 2009 to evaluate the legislation to enhance entrepreneurial development re-

sources, particularly through the SBDC program. The Committee received testimony from small business representatives, including the Director of the Illinois Small Business Development Center to discuss the effect of the legislation on the capacity of SBDCs to meet the increasing demand for services particularly during the economic downturn of 2007–2009.

The Committee on Small Business, Subcommittee on Rural and Urban Entrepreneurship met in open session on April 30, 2009, and ordered H.R. 1845 reported to the Committee on Small Business by a voice vote.

On November 7, 2009, the House considered H.R. 1845 and passed the bill by a record vote of 412 ayes and 20 nays. On November 9, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### THE JOB CREATION THROUGH ENTREPRENEURSHIP ACT OF 2009

(H.R. 2352)

#### *Summary*

H.R. 2352 updates SBA's core entrepreneurial development programs, including Small Business Development Centers, Women's Business Centers, Service Corps of Retired Executives, and Veterans and Native American Business Outreach Programs. The legislation updates SBA's entrepreneurial development resources to reflect the changing needs of small firms by providing them with modernized services, including business counseling, technical assistance, research, and mentorship, for adjusting to and expanding within the current recession.

The legislation modernizes these resources to reflect the changing needs of entrepreneurs by improving service quality and relevance, enhancing service delivery methods, and expanding program emphasis on promoting growth. To ensure entrepreneurs have access to relevant business development tools to address economic conditions, the legislation establishes new, specialized services tailored to the needs of individual small business subsectors. New initiatives have been developed to provide more sophisticated levels of assistance and counseling. Additional services have been targeted to address the needs of veterans, including those requiring customized assistance, particularly reservists, service-disabled, and women. Further, the bill establishes new service for women business owners and Native American entrepreneurs.

The legislation also improves the ways that services are delivered to the small business population. It enhances the ED program's structure and implementation particularly affecting access to services for entrepreneurs in underserved communities, and expands the use of performance measurements. The legislation increases the ED programs' focus on promoting economic growth by increasing the agency's collaboration with local community organizations; facilitating the growth of entrepreneurs in socio-economically disadvantaged regions; and expanding program incentives for spurring productivity.

*Legislative history*

H.R. 2352 was introduced by Rep. Shuler on May 12, 2009. Original Cosponsors included the Committee Chairwoman Nydia Velázquez and the following Committee members: Reps. Luetkemeyer; Altmire; Buchanan; Clarke; Dahlkemper; Halvorson; Michaud; Moore; Nye; Schock; Schrader; Sestak; and Thompson. The bill was referred to the Committee on Small Business.

The Committee on Small Business held a hearing on February 11, 2009 to examine entrepreneurial needs arising from the economic downturn to be addressed through the reauthorization and modernization of SBA's entrepreneurial development (ED) programs. Small business representatives and public-private business management consultants recommended policy changes and resource priorities to update the agency's ED programs.

On April 2, 2009 the Subcommittee on Rural and Urban Entrepreneurship held a hearing to evaluate proposed legislative initiatives to update the agency's core ED programs and received testimony from the major program administrators on the likely impacts to the services available to small businesses from the legislation.

On May 6, 2009, the Committee on Small Business held a hearing to consider the effect of the legislation to extend the scope and modify the delivery of the agency's business development services, as well as the role of the bill in strengthening small businesses during the economic downturn. Small business representatives testified on the merits of the legislation.

The Committee on Small Business met in open session on May 13, 2009, and ordered H.R. 2352 reported to the House, as amended, with a favorable recommendation by a voice vote.

On May 20, 2009, the House considered H.R. 2352 and passed the bill by a record vote of 406 ayes and 15 nays. On May 21, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

## RURAL TECHNOLOGY DEVELOPMENT AND OUTREACH ACT

(H.R. 2747)

*Summary*

H.R. 2747 amends provisions of the Small Business Act relating to the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program to direct the Administrator of the Small Business Administration (SBA) to make grants to organizations to conduct outreach efforts to increase participation in such programs and provide application, entrepreneurial, and business skills support to prospective program participants. The legislation requires organizations receiving such funds to direct activities toward small businesses located in areas that are underrepresented in SBIR and STTR programs or owned and controlled by women, service-disabled veterans, and minorities. It also directs the Administrator to establish an advisory board to carry out authorized activities and provides a two-year period for each grant award. The legislation also requires federal agencies, in



making SBIR and STTR grant awards, to prioritize applications so as to increase the number of recipients from rural areas.

*Legislative history*

H.R. 2747 was introduced by Rep. Halvorson on June 8, 2009. The bill was referred to the Committee on Small Business and the Committee on Science and Technology.

In the 111th Congress, the Committee on Small Business convened a hearing on April 22, 2009 to explore the numerous contributions that the SBIR program makes to national security priorities, health technology, economic development objectives and America's international economic competitiveness. On June 4, 2009, the Committee on Small Business, Subcommittee on Contracting and Technology held a hearing to review the proposed legislation that would reauthorize and modernize the SBIR program. The Subcommittee met in open session on June 11, 2009 and approved H.R. 2747 by voice vote.

No further action has been taken on this legislation in the 111th Congress.

INVESTING IN TOMORROW'S TECHNOLOGY ACT

(H.R. 2767)

*Summary*

H.R. 2767 amends the Small Business Act to extend through FY 2011 the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. The legislation provides that, with respect to participation in an SBIR or STTR program a business that has more than 500 employees shall not qualify as a small business and in determining whether a small business is independently owned and operated, the Administrator of the Small Business Administration (SBA) shall not consider the business as affiliated with a venture capital operating company if such company does not own 50 percent or more of the business and the company's employees do not constitute a majority of the business's board of directors.

The legislation provides limited conditions under which a small business shall still be considered eligible for SBIR/STTR participation when a venture capital operating company controlled by a business with more than 500 employees has an ownership interest in a small business owned in majority part by venture capital operating companies.

*Legislative history*

H.R. 2767 was introduced by Ranking Member Graves on June 9, 2009. The bill was referred to the Committee on Small Business and the Committee on Science and Technology.

In the 111th Congress, the Committee on Small Business convened a hearing on April 22, 2009 to explore the numerous contributions that the SBIR program makes to national security priorities, health technology, economic development objectives and America's international economic competitiveness. On June 4, 2009, the Committee on Small Business, Subcommittee on Contracting and Technology held a hearing to review the proposed leg-

islation that would reauthorize and modernize the SBIR program. The Subcommittee met in open session on June 11, 2009 and approved H.R. 2767 by voice vote.

No further action has been taken on this legislation in the 111th Congress.

COMMERCIALIZING SMALL BUSINESS RESEARCH AND DEVELOPMENT  
ACT

(H.R. 2769)

*Summary*

H.R. 2767 amends the Small Business Act to state as the policy of Congress that Small Business Administration (SBA) research and development (R&D) programs should focus on promoting R&D of projects governed by commercial business plans which have significant potential to produce products or services for the marketplace or for acquisition by federal agencies. Energy-related, nanotechnology, and rare disease-related research topics are designated as deserving special consideration under Small Business Innovation Research (SBIR) Program research topics.

The legislation requires each federal agency that is obligated to have an SBIR program and that awards annually \$5 billion or more in procurement contracts to establish, for FY2010 and thereafter, annual goals for the commercialization of projects funded by SBIR awards. Finally, it directs each federal agency required to conduct an SBIR program to establish a commercialization program that supports the progress of SBIR awardees to the third phase.

*Legislative history*

H.R. 2769 was introduced by Rep. Bright on June 9, 2009. The bill was referred to the Committee on Small Business and the Committee on Science and Technology.

In the 111th Congress, the Committee on Small Business convened a hearing on April 22, 2009 to explore the numerous contributions that the SBIR program makes to national security priorities, health technology, economic development objectives and America's international economic competitiveness. On June 4, 2009, the Committee on Small Business, Subcommittee on Contracting and Technology held a hearing to review the proposed legislation that would reauthorize and modernize the SBIR program. The Subcommittee met in open session on June 11, 2009 and approved H.R. 2769 by voice vote.

No further action has been taken on this legislation in the 111th Congress.

SBIR AND STTR ENHANCEMENT ACT

(H.R. 2772)

*Summary*

H.R. 2772 amends the Small Business Act to direct each federal agency that is required to establish a small business innovation research (SBIR) program to issue research topic solicitations at least twice a year and make a final decision on topic proposals within

90 days, unless the Administrator of the Small Business Administration (SBA) determines that a decision may be extended to 180 days.

The legislation also authorizes funding for SBIR administrative, oversight, and contract processing costs and requires a Comptroller General audit on how federal agencies calculate SBIR and STTR (Small Business Technology Transfer) extramural research budgets. It directs each federal agency conducting an SBIR or STTR program to establish and maintain program evaluation and technology utilization databases and authorizes them to “fast track” phase two awards. Finally, H.R. 2772 increases SBIR and STTR award levels and provides express authority for agencies to award sequential phase two awards for SBIR-funded projects.

#### *Legislative history*

H.R. 2772 was introduced by Rep. Schock on June 9, 2009. The bill was referred to the Committee on Small Business and the Committee on Science and Technology.

In the 111th Congress, the Committee on Small Business convened a hearing on April 22, 2009 to explore the numerous contributions that the SBIR program makes to national security priorities, health technology, economic development objectives and America’s international economic competitiveness. On June 4, 2009, the Committee on Small Business, Subcommittee on Contracting and Technology held a hearing to review the proposed legislation that would reauthorize and modernize the SBIR program. The Subcommittee met in open session on June 11, 2009 and approved H.R. 2772 by voice vote.

No further action has been taken on this legislation in the 111th Congress.

#### SBIR/STTR REAUTHORIZATION ACT OF 2009

(H.R. 2965)

#### *Summary*

The SBIR/STTR Reauthorization Act extends for a period of two years the Federal government’s largest small business research and development programs. The legislation modernizes the Small Business Innovation Research (SBIR) program, changing the legislative guidelines and policies in order to update the program in response to the unique challenges facing small research companies and the changing research priorities of Federal agencies.

The Act is aimed at three broad goals. First, the bill seeks to encourage greater participation in SBIR. An increase in the number of small businesses applying for SBIR is critical to the on-going success of the program. Second, the bill permits small companies that are majority-owned by qualifying venture capital firms to participate in the SBIR program. A 2003 ruling by the Small Business Administration (SBA) has made small firms with large investments from venture capital companies ineligible to participate in the SBIR program. The SBA ruling forces many small businesses to choose between accepting investments from venture capital firms and participating in the Federal government’s largest R&D program for small research firms. Third, the bill seeks to encourage

and support commercialization initiatives at Federal agencies that administer SBIR programs. Under current law, certain Federal agencies have the authority to develop commercialization programs. This bill extends to all agencies the authority to develop programs designed to support the commercialization of SBIR-funded research.

Additionally, the bill seeks to codify in statute the programmatic flexibility that Federal agencies need in order to administer SBIR awards in a manner that is most consistent with the agency's specific mission. The SBIR policy directive issued by the SBA has provided a great deal of autonomy to the Federal agencies, the bill codifies agency autonomy with respect to administering their SBIR programs. Along with granting to Federal agencies a great degree of autonomy, the bill also requires Federal agencies to establish more concrete goals and objectives with respect to their SBIR programs and directs the agencies to provide Congress with more regular reports.

#### *Legislative history*

H.R. 2965 was introduced by Rep. Altmire on June 19, 2009. Original Cosponsors included the Committee Chairwoman Nydia Velázquez and Reps. Wu, Graves, Schock, Nye, Halvorson, and Bright. The bill was referred to the Committee on Small Business and the Committee on Science and Technology.

In the 111th Congress, the Committee on Small Business convened a hearing on April 22, 2009 to explore the numerous contributions that the SBIR program makes to national security priorities, health technology, economic development objectives and America's international economic competitiveness. On June 4, 2009, the Committee on Small Business, Subcommittee on Contracting and Technology held a hearing to review the proposed legislation that would reauthorize and modernize the SBIR program. A mark-up of the legislation, which would become the basis for H.R. 2965 was conducted on June 11, 2009.

On June 17, 2009, the Committee on Small Business convened a hearing to review H.R. 2965. Witnesses testified on the legislation's broad benefits to small businesses and American innovation. On June 25, 2009, the Committee met in open session and ordered H.R. 2965, as amended, to be reported by a recorded vote of 22 to 0.

On July 8, 2009, the bill was considered by the House under a structured rule. Five amendments were made in order under the rule and all were agreed to by either voice vote or recorded vote. The bill passed the House with a vote of 386 yeas and 41 nays. On July 9, 2009, H.R. 2965 was received in the Senate and read twice. On July 13, 2009, the Senate struck all after the Enacting Clause, substituted the language of S. 1233 as amended and then passed the legislation by Unanimous Consent.

No further action has been taken on this legislation in the 111th Congress.

SMALL BUSINESS HEALTH INFORMATION TECHNOLOGY FINANCING ACT  
(H.R. 3014)

*Summary*

H.R. 3014 amends the Small Business Act to create a new loan guarantee program separate from other SBA programs that is solely available to certain healthcare providers to purchase health information technology (HIT). This new HIT loan program will rely on private-sector lenders to provide loans that are, in turn, guaranteed by the SBA. The proceeds from a HIT loan may be used for qualifying HIT purpose including the acquisition, maintenance, or training for HIT systems and equipment. Loans are eligible for a 90 percent SBA guarantee and loan amounts are up to \$350,000 for any single individual/professional and \$2,000,000 for any group.

*Legislative history*

H.R. 3014 was introduced by Rep. Dahlkemper on April 1, 2009. Original cosponsors included Reps. Altmire, Clarke, Ellsworth, Nye, Schrader, Shuler, and Velázquez. The bill was referred to the Committee on Small Business.

The Small Business Committee, Subcommittee on Regulations and Healthcare held a hearing on June 22, 2009 to discuss the financial challenges that solo and small group health practices face in adopting health information technology (HIT). In particular, witnesses provided testimony on the dislocations between capital costs and returns on investment that discourage greater uptake of HIT assets by small health providers.

On Thursday, July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee.

On Thursday, October 8, 2009, the Small Business Committee, Subcommittee on Finance and Tax held a markup of H.R. 3014. This bill was reported to the full Committee by voice vote with no amendments.

On November 18, 2009, the House considered H.R. 3014 and passed the bill by voice vote.

On November 19, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

THE ENHANCED NEW MARKETS AND EXPANDED INVESTMENT IN  
RENEWABLE ENERGY FOR SMALL MANUFACTURERS ACT OF 2009

(H.R. 3722)

*Summary*

H.R. 3722, The Small Business Financing and Investment Act updates and expands two of the SBA's most underutilized programs—the New Markets Venture Capital (NMVC) program and the Renewable Fuel Capital Investment (RFCI) program—with spe-

cific emphasis on expanding the programs and providing targeted investment for small manufacturing firms.

For both the NMVC and RFCI programs, a statutory mandate is established for the SBA Administrator to actively engage in affirmative actions to expand the number of investment companies and ensure that both programs have a broad nationwide distribution. Additionally, the Administrator is required to perform a study on the success in expanding the NMVC and RFCI programs and report this progress no later than one year after the bill's enactment.

H.R. 3722 amends the NMVC program to place a heightened emphasis on increasing capital investments for small businesses engaged in manufacturing. The program's current limitations to "smaller enterprises" will be expanded to permit investment in any small business concern located in a low income (LI) area that is engaged primarily in manufacturing. The bill also expands the permissible uses of operational assistance (OA) to include assistance for small manufacturing businesses to retool, update, or replace machinery or equipment. Additionally, the private capital requirements for NMVC companies that investment in small manufacturers in LI areas are lowered, making it easier for these companies to secure final approval from the SBA. Taken together, these changes will facilitate the licensing of more NMVC companies that will invest in small manufacturing firms and will provide small manufacturing businesses with crucial support to expand their business activity in a recovering economy.

The bill makes similar amendments to the RFCI program to help small manufacturing firms reorient their businesses toward the anticipated green economy. The program's current limitations to "smaller enterprises" will be expanded to permit investment in any small business concern that is engaged in research, development, or manufacturing of renewable energy-related goods, products or services. The program will also be renamed the "Renewable Energy Capital Investment" (RECI) and will be established as a permanent part of the SBA's investment mission. The bill will also expand the permissible uses of operational assistance grants (OA) to include assistance for RECI businesses to reduce their energy consumption or to retool, update, or replace machinery or equipment. The bill also simplifies the existing fee structure of the RECI program to authorize the Administrator to charge fees only for the purpose of offsetting the cost of RECI guarantees. Operational assistance grants would continue to be subsidized by appropriated funds. This will effectively expedite the implementation of the RECI program by enabling the SBA to implement the investment and leverage portion of the program independent of the operational grants.

H.R. 3722 makes several technical and process improvements to both the NMVC and RECI programs. In the NMVC program, the final approval process for conditionally approved NMVC companies will be streamlined by establishing simplified application documents and permitting conditionally approved NMVC companies to receive funding for operational assistance. The operational assistance element will also be simplified, making it easier for companies to raise matching commitments for OA. The NMVC definition of "low-income geographic areas" would be directly associated with the definition of a "low-income community" in the Internal Revenue

Code, thus enabling NMVC companies to leverage eligible NMVC investments with New Markets Tax Credit allocations.

H.R. 3722 authorizes the SBA to make up to \$40 million in OA grants for fiscal years 2010 and 2011 in the NMVC program, and \$40 billion in OA grants for fiscal years 2010 and 2011 in the RECI program. The SBA is also authorized to guaranty \$100 million in NMVC program debentures and \$1 billion in RECI debentures for each of fiscal years 2010 and 2011.

#### *Legislative history*

H.R. 3722 was introduced by Congresswoman Ann Kirkpatrick (AZ-01) on October 6, 2009 with no additional original cosponsors. The bill was referred to the Committee on Small Business and was further referred to the Subcommittee on Finance and Tax.

The Subcommittee on Finance and Tax held a markup on H.R. 3722 on October 8, 2009 where the bill was forwarded to the full committee by voice vote with no amendments.

Provisions of H.R. 3722 were incorporated in H.R. 3854, which was reported to the House on October 21, 2009 and subsequently passed by the House on October 29, 2009.

No further action was taken on this legislation in the 111th Congress.

#### THE SMALL BUSINESS CREDIT EXPANSION AND LOAN MARKETS STABILIZATION ACT OF 2009

(H.R. 3723)

#### *Summary*

H.R. 3723 updates and streamlines the SBA's largest small business finance program, the 7(a) program. Most importantly, the bill makes a number of changes to help small businesses access credit in an environment where many have experienced unprecedented capital constraints. The legislation increases the maximum gross size of 7(a) loans by 33 percent—from the current level of \$2 million to \$3 million. This level of loans will help provide small firms with larger amounts of capital under the program without increasing the SBA's level of risk exposure with larger guarantee amounts on larger loans. This change will also ensure that the program remains focused on startup and early stage small firms, businesses that have historically encountered the greatest difficulties in accessing credit. It also avoids making small borrowers carry a disproportionate share of the risk associated with larger loans.

A new Capital Backstop program is also established under which the SBA will provide assistance to lenders in the application, processing, and underwriting functions for 7(a) loans, thus acting as a conduit to match lenders who are willing to make loans with borrowers in need of capital. Under this program, the SBA would also act as a lender of last resort for creditworthy borrowers in times of credit shortage or when private lenders withdraw from lending in an effort to hoard capital—as was widely seen in the recent credit crunch. This program would only take effect in the event that the Bureau of Economic Analysis has determined that the gross domestic product of the U.S. has declined for three consecutive quarters, and if the annual program level volume of the SBA's 7(a) loan pro-

gram has declined by 30 percent or more compared to the same time in the previous fiscal year. It should also be noted, however, that the SBA would be required to apply the existing eligibility and credit underwriting criteria that are used for 7(a) loans, thus avoiding any adverse selection for SBA loan-making. In fact, the SBA backstop portfolio should carry no more risk than that of a 7(a) private sector lender. Additionally, total program level in the Capital Backstop program would be identical to the annual program level of the 7(a) program, meaning that the program would not entail any increased exposure beyond levels already contemplated in the annual 7(a) program level authorization. Finally, to avoid any undue personnel burden on the SBA's other programs, the Capital Backstop program would be carried out using a reserve cadre of lending professionals that is skilled and trained to make loans.

The bill will also extend the recovery and relief loan benefits that were originally established under the American Recovery and Reinvestment Act of 2009 (ARRA) through the end of fiscal year 2011, thus providing businesses with no-fee loans that are backed up to 90 percent by the SBA. The America's Recovery Capital (ARC) loan program will also see several enhancements, with its extension through the end of fiscal year 2011, a new single-page application requirement, and an increase in the maximum size of ARC loans to \$50,000. Previous restrictions on the use of ARC loans to service other SBA debt will also be eliminated, thus expanding the reach of ARC proceeds as a significant source of business stabilization capital.

The bill incorporates several initiatives aimed at encouraging more lenders to participate in the 7(a) program and make more loans available to small firms. First, the 7(a) lending process is simplified and streamlined, particularly among community banks and lenders who do not currently participate in the program. A Small Bank Outreach program will be established with the specific mission of identifying and supporting small banks, credit unions, and community lenders to participate in the program. The legislation also establishes a Rural Lender Outreach program to reduce the paperwork burden associated with 7(a) loans.

To ensure that the SBA's private sector lenders receive fair and expeditious resolution of their complaints, an independent and objective Ombudsman's office will be created to resolve lenders' appeals separately from the SBA's program administration offices. This measure will enhance participation in the lending programs by ensuring that program participants can make informal inquiries or file formal appeals to an independent, disinterested party in the strictest confidence and without fear of retaliation. The Ombudsman and independent review process, however, would not be a binding determination and would not affect other existing administrative procedures or judicial remedies.

The bill also adapts the 7(a) program to achieve specific public policy objectives through the establishment of a Rural Lender Outreach program to focus on making loans with increased-guarantees and reduced paperwork burdens for entrepreneurs in rural communities. It also targets capital toward socially and economically disadvantaged businesses by providing permanent authority for the Community Express Loan program and the Increased Veteran Par-



ticipation Loan program. The legislation will also expand access to 7(a) loans for businesses that are organized as cooperative enterprises and will prohibit the SBA from applying disparate treatment to loans that are used to finance goodwill when a business is bought or sold.

This legislation also addresses several deficiencies that discourage existing lenders from fully utilizing the program. The legislation will put an end to improper denials and long waiting periods when lenders apply for the SBA to honor its guarantees by requiring the SBA to make prompt and proper payment on guaranty repurchase applications. A National Lender Training Program will be established to train new and participating lenders on SBA's lending systems, policies, and procedures, and to help reduce incidents of improper loan underwriting and documentation in the program. The Secondary Market Lending Authority established under ARRA will be made a permanent part of the SBA's access to capital mission and will be expanded to provide warehouse credit to any 7(a) lender.<sup>6</sup>

The bill authorizes a program level of \$20 billion for fiscal years 2010 and 2011. This is approximately 14 percent higher than the current level of \$17.5 billion and should be more than adequate to support any increased lending that may occur in the program.

#### *Legislative history*

H.R. 3723 was introduced by Congresswoman Deborah Halvorson (IL-11) on October 6, 2009 with no additional original cosponsors. The bill was referred to the Committee on Small Business and was further referred to the Subcommittee on Finance and Tax.

The Subcommittee on Finance and Tax held a markup on H.R. 3723 on October 8, 2009 where bill was forwarded to the full committee by voice vote with no amendments.

Provisions of H.R. 3723 were incorporated in H.R. 3854, which was reported to the House on October 21, 2009 and subsequently passed by the House on October 29, 2009.

No further action was taken on this legislation in the 111th Congress.

#### SMALL BUSINESS MICROLENDING EXPANSION ACT OF 2009

(H.R. 3737)

#### *Summary*

H.R. 3737 authorizes the SBA to utilize surplus funds for the purpose of reducing the interest rates that borrowers pay in the program. Borrowers will benefit from legislative language that permits intermediaries to make loans with more flexible credit that can better meet the needs of small businesses, particularly those with seasonal business. The SBA will be required to establish a process for the transmission of credit reporting data to the major credit bureaus, thus enabling program participants to establish credit histories through the program.

<sup>6</sup>Currently, participation in the Secondary Market Lending Authority is limited solely to systemically significant brokers and dealers in 7(a) loans.

The legislation also increases the maximum size of loans made under the program, both for intermediaries and borrowers. Currently, the maximum obligation that any intermediary may have under the program is \$3.5 million, with first-year intermediaries limited to just \$750,000. This bill will increase those caps to \$7 and \$1 million respectively. The legislation also seeks to bring more intermediaries into the program by broadening the eligibility requirements for micro-intermediaries to qualify for the program.

Finally, the bill makes a number of technical revisions to the 7(m) program that will increase its overall efficacy. An annual reporting requirement will be implemented to closely track the performance of the program and provide policymakers with information on the program's performance.

#### *Legislative history*

H.R. 3737 was introduced by Rep. Ellsworth on October 7, 2009. The bill was referred to the Committee on Small Business.

The full Committee subsequently held a hearing on June 10, 2009, to examine the challenges facing the full array of the SBA's capital access programs. The Committee received testimony on issues facing the 7(a), Certified Development Company (CDC), Small Business Investment Company (SBIC), New Markets Venture Capital (NMVC), 7(m)/Microloan, and Renewable Fuels Capital Investment (RFCI) Company programs. Witnesses at this hearing discussed various deficiencies affecting the efficacy of these programs and proposed steps that could be taken to better meet the SBA's capital access mission.

On Thursday, July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing discussed several legislative proposals that would make a number of important reforms to the SBA's existing programs.

On Thursday, October 8, 2009, the Small Business Committee, Subcommittee on Finance and Tax held a markup of H.R. 3737. This bill was reported to the full Committee by voice vote with no amendments.

On November 6 and 7, 2009, the House considered H.R. 3737 and passed the bill by a vote of 405 to 23.

On November 9, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### SMALL BUSINESS EARLY-STAGE INVESTMENT ACT OF 2009

(H.R. 3738)

#### *Summary*

Under the Small Business Early Stage Investment (SBESI) program established by this legislation, the SBA will provide grant funding to act as co-investment in qualified companies that will focus on investing in small businesses, with particular emphasis on

financing early-stage small businesses in targeted industries. Early stage small businesses are those that have not generated revenues in excess of \$15 million in any of the previous three years.

In order to receive SBA funding, however, an investment company must have capital commitments from non-federal sources that are at least equal to the amount of its grant request. SBA funding would then be repaid *pari passu* when the fund exits its investments. As SBA funding is repaid, funds will go to a revolving capital fund administered by the SBA and be recommitted to new program participants.

Funds from the SBESI program will only be given to highly qualified investment funds with experienced managers that have a proven track record of returning a profit to their investors. As a condition of receiving grants, the investment funds must commit to repayment of all investors, including the SBA, in cash. The SBA shall establish a process for selecting funds to participate in the program, with an abbreviated application process for investment companies that have already secured a license under the SBA's Small Business Investment Company (SBIC) program. SBICs will also benefit from presumptive qualifications under several selection criteria for which they previously qualified under the SBIC licensing process.

In order to receive SBESI funds, applicants must have raised private capital in an amount equal to or greater than the amount of SBA funds being requested. The maximum amount of a grant may not exceed \$100 million for any single investment fund or its affiliates. Investment companies receiving grant monies must make all of their investments in small businesses, and no less than 50 percent of their investments in early stage small businesses in targeted industries.

In exchange for receiving SBESI funds, participating investment funds must convey a "grant interest" to the SBA. The grant interest shall have all the rights and attributes of an investor interest, but shall not denote control or voting rights to the SBA. The grant interest shall entitle the SBA to a pro rata portion of any distributions made by the investment company, in cash, and equal to the pro rata share of the total funds in the investment company that the SBA grant commitment comprised.

As distributions are made by participating funds, all distributions shall go to a revolving fund and be recommitted to new participating funds. SBA will audit participating investment companies when half of the grant commitment funds have been drawn-down to ensure that the grant is being invested in a fashion consistent with the law.

#### *Legislative history*

H.R. 3738 was introduced by Rep. Nye on October 7, 2009. The bill was referred to the Committee on Small Business.

On March 26, 2009, the Small Business Committee, Subcommittee on Oversight and Investigations held a hearing to examine issues related to investment in small businesses, with particular emphasis on how prevailing economic conditions have affected investment in small firms. Witnesses in this hearing explained how the current recession has aggravated the need for in-

vestment funds, particularly for equity investing in small firms, and how new federal initiatives could allay those needs. Additionally, this hearing explored numerous setbacks to the SBA's investment programs that have dramatically reduced the amount of investment in early stage and startup businesses and have inhibited the flow of venture capital to small businesses in general.

The full Committee subsequently held a hearing on June 10, 2009, to examine the challenges facing the full array of the SBA's capital access programs. Witnesses at this hearing discussed various deficiencies affecting the efficacy of these programs and proposed steps that could be taken to better meet the SBA's capital access mission.

On Thursday, July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing discussed several legislative proposals that would make a number of important reforms to the SBA's existing programs and establish new programs that will help close the gap for equity investment that was left when the SBA's investing programs were curtailed.

On Thursday, October 8, 2009, the Small Business Committee, Subcommittee on Finance and Tax held a markup of H.R. 3738. This bill was reported to the full Committee by voice vote with no amendments.

On November 18, 2009, the House considered H.R. 3738 and passed the bill by voice vote.

On November 19, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### THE JOB CREATION AND ECONOMIC DEVELOPMENT THROUGH CDC MODERNIZATION ACT OF 2009

(H.R. 3739)

#### *Summary*

H.R. 3739 will modernize and improve the Certified Development Company (CDC) program by making an array of technical changes that increase the flow of capital to small businesses and addressing two of the program's most important challenges. The bill contains several provisions that will directly benefit small businesses in need of long-term, fixed-rate financing. Businesses will be able to make larger equity injections to reduce the amount of a CDC project that is financed with a first lien loan. This will result in lower-cost CDC financings, particularly for startup or capital-intensive businesses. Borrowers will also have the option of including loan and debenture closing costs in a CDC financing loan, thus reducing the upfront cost of these loans. Additionally, the maximum size of CDC financings will be significantly increased—from the current limit of \$10 million to \$12.5 million—and existing statutory limits that prohibit borrowers from securing CDC loans and 7(a) loans for the maximum combined amounts will be eliminated.

Borrowers will also benefit from legislative initiatives to expand the program's reach to businesses that are owned by women, minorities, and veterans by permitting CDCs to consider the qualifications of two or more business owners in determining whether a financing qualifies for larger financings. Additionally, the bill will expand the program to permit financing for businesses in low-income communities and rural areas, while also increasing the maximum loan size for these businesses as well as for businesses that are a major source of employment in their community.

The bill contains provisions that will be vital to the long-term success of the CDC program, by authorizing CDC staff to act as local agents of the SBA in performing workouts, liquidations, and recoveries. This will help minimize losses by ensuring timely liquidation and recovery of defaulted loans. The bill contains a provision for the SBA to reimburse CDC costs for both staff and contractors, as necessary, for these liquidation activities, with the funds ultimately coming from increased recoveries on defaulted loans. These provisions will be particularly relevant in the current environment where loan defaults in the program are increasing in response to the economic downturn and real estate values declining.

Finally, an important, but easily overlooked focus for the bill will be to codify the existing certification requirements and processes that define CDCs. Although historically defined in agency guidance and regulation, the statutory codification of the program's membership requirements, operational parameters, and ethical standards are critical to the long-term stability and successful implementation of the program. These changes will provide permanent and fixed authority for every existing CDC while simultaneously laying the groundwork for new CDCs to enter the program.

The bill authorizes a program level of \$9 billion for FY 2010 and \$10 billion for FY 2011. Because the program operates at zero subsidy, however, no appropriation will be necessary to support these levels of lending in the program.

#### *Legislative history*

H.R. 3739 was introduced by Congressman Vern Buchanan (FL-13) on October 6, 2009 with no additional original cosponsors. The bill was referred to the Committee on Small Business and was further referred to the Subcommittee on Finance and Tax.

The Subcommittee on Finance and Tax held a markup on H.R. 3739 on October 8, 2009 where the bill was forwarded to the full committee by voice vote without amendments.

Provisions of H.R. 3739 were incorporated in H.R. 3854, which was reported to the House on October 21, 2009 and subsequently passed by the House on October 29, 2009.

No further action was taken on this legislation in the 111th Congress.

THE SMALL BUSINESS INVESTMENT COMPANY MODERNIZATION ACT OF  
2009

(H.R. 3740)

*Summary*

The Small Business Financing and Investment Act will update and streamline the SBA's largest investment program, the Small Business Investment Company program. The legislation will seek to increase the number and size of investments made in small firms under the program. Perhaps equally important, the bill will seek to halt the continued flight of SBICs that participate in the program by establishing an expedited licensing process to keep successful SBICs that are in good-standing involved in the program. The bill will also revise the SBIC leverage limitations to create an incentive for successful, well run SBICs to remain in the program by permitting SBICs that are managed by the same team to access the increased leverage limits available for a family of SBIC funds.

The bill will spur innovation within the program and test new structures for SBIC leverage by providing the SBA with specific authority to create new pilot programs within the SBIC program. This would be subject to limitations on the number, size, term, and dollar amount of any leverage pilot program, and could not constitute mandatory program changes for SBICs to follow. The SBA would also be required to continue applying existing requirements to maintain zero-subsidy in the SBIC program, and would have to comply with the notice and comment rulemaking provisions of current law.

Businesses will have access to greater investment under the provisions of the bill that expand the Energy Saving Debenture program and increase the amounts of leverage available to invest in veteran-owned businesses. Burdensome SBA regulations that limit businesses' ability to prepay SBIC leverage will also be eliminated, enabling businesses to prepay a de minimis amount of their SBIC investment without prior approval from the SBA. This change will provide businesses with greater flexibility in managing the investment funds they receive under the program.

Finally, the bill makes a number of technical revisions to the SBIC program that will increase the overall efficacy of the program. The bill clarifies that venture leases, equipment leases, real estate sale leasebacks, and similar arrangements qualify as loans that are authorized forms of financing for SBIC funds. The bill also corrects inconsistencies between the SBA's regulations and the Small Business Investment Act to clarify the terms of a default on an SBIC loan.

The bill authorizes the SBA to make up to \$5 billion in SBIC debenture guarantees and in each of fiscal years 2010 and 2011.

*Legislative history*

H.R. 3740 was introduced by Congressman Blaine Luetkemeyer (MO-09) on October 6, 2009 with no additional original cosponsors. The bill was referred to the Committee on Small Business and was further referred to the Subcommittee on Finance and Tax.

The Subcommittee on Finance and Tax held a markup on H.R. 3740 on October 8, 2009 where the bill was forwarded to the full committee by voice vote with no amendments.

Provisions of H.R. 3740 were incorporated in H.R. 3854, which was reported to the House on October 21, 2009 and subsequently passed by the House on October 29, 2009.

No further action was taken on this legislation in the 111th Congress.

#### SMALL BUSINESS DISASTER READINESS AND REFORM ACT OF 2009

(H.R. 3743)

##### *Summary*

H.R. 3743 directs the SBA to improve the way in which it disburses approved assistance to victims of disasters. The bill directs the SBA to only require that repayment begins once all the disaster loan proceeds have been disbursed and further requires that repayment amounts be based solely on funds that have actually been disbursed, not on amounts that were approved and not disbursed.

The bill also establishes a grant program to assist small businesses in the most severe of disasters for which the Administrator has declared eligibility for additional disaster assistance. To ensure that grant assistance only goes to the neediest small businesses and is only used to spur redevelopment in communities where market forces have failed, the program will only be applicable under very limited circumstances. In order to receive a grant, a small business must have been located in those communities most severely damaged by the disaster, must have been in existence for at least two years prior to the disaster, must have been rejected for a conventional SBA loan, must have remained economically viable following the disaster, and must have certified that they will reopen their business in one of the affected communities.

The legislation creates an outreach program under which the SBA will allocate funds to Women's Business Centers, Veterans' Business Outreach Centers, Small Business Development Centers and local chambers of commerce for these organizations to provide applicants with assistance in preparing applications for loan assistance and navigating the SBA's convoluted loan process.

Finally, the SBA's disaster planning and preparedness will be enhanced through the creation of Regional Disaster Working Groups. Under this provision the Regional Administrator in each of the SBA's regional offices must develop region-specific disaster preparedness and response plans that are based upon the comprehensive disaster response plan required by Section 40 of the Small Business Act and that is developed in cooperation with city, state, and federal emergency response authorities as well as with representatives from businesses located within the region. At a minimum, the disaster preparedness and recovery subplan must identify and plan for three disaster scenarios, either natural or man-made, that are likely to occur in the region.

##### *Legislative history*

H.R. 3743 was introduced by Rep. Griffith on October 7, 2009. The bill was referred to the Committee on Small Business.

The Committee held a hearing on June 10, 2009, to examine the challenges facing the full array of the SBA's capital access programs. Witnesses at this hearing discussed various deficiencies affecting the efficacy of these programs and proposed steps that could be taken to better meet the SBA's capital access mission.

On Thursday, July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending programs that had been identified by previous hearings before the Committee.

On July 29, 2009, the Committee held an agency oversight hearing that focused on a GAO examination of the SBA's Disaster program. This hearing reviewed the agency's progress in making improvements post-Katrina and made recommendations for improvements.

On Thursday, October 8, 2009, the Small Business Committee, Subcommittee on Finance and Tax held a markup of H.R. 3743. This bill was reported to the full Committee by voice vote with no amendments.

On November 6, 2009, the House considered H.R. 3743 and passed the bill by voice vote.

On November 9, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### SMALL BUSINESS FINANCING AND INVESTMENT ACT OF 2009

(H.R. 3854)

#### *Summary*

The Small Business Financing and Investment Act of 2009 extends through fiscal year 2011 the federal government's primary small business lending and investment programs. In doing so, the legislation makes key reforms to these programs that are intended to improve the flow of capital to small firms amidst one of the worst economic downturns in decades. The legislation also establishes two new programs that are intended to fill the gaps in the SBA's existing array of capital access programs, particularly in the provision of capital to early-stage small businesses in capital-intensive industries and for small firms whose access to capital is limited by the cost of financing.

#### *Legislative history*

H.R. 3854 was introduced by Rep. Schrader on October 20, 2009. Original cosponsors included Committee Chairwoman Velázquez and Reps. Halverson and Kirkpatrick. The bill was referred to the Committee on Small Business.

In the 111th Congress, the Committee on Small Business held six hearings to examine the issue of small business access to capital, the SBA's capital access programs, and related legislation.

On March 26, 2009, the Small Business Committee, Subcommittee on Oversight and Investigations held a hearing to examine issues related to investment in small businesses, with par-



tical emphasis on how prevailing economic conditions have affected investment in small firms. Witnesses in this hearing explained how the current recession has aggravated the need for investment funds, particularly for equity investing in small firms, and how new federal initiatives could allay those needs. Additionally, this hearing explored numerous setbacks to the SBA's investment programs that had dramatically reduced the amount of investment in early stage and startup businesses and had inhibited the flow of venture capital to small businesses in general.

The full Committee subsequently held a hearing on June 10, 2009, to examine the challenges facing the full array of the SBA's capital access programs. The Committee received testimony on issues facing the 7(a), Certified Development Company (CDC), Small Business Investment Company (SBIC), New Markets Venture Capital (NMVC), 7(m)/Microloan, and Renewable Fuels Capital Investment (RFCI) Company programs. Witnesses at this hearing discussed various deficiencies in these programs and proposed steps that could be taken to better meet the SBA's capital access mission.

The Small Business Committee, Subcommittee on Regulations and Healthcare held a hearing on June 22, 2009 to discuss the financial challenges that solo and small group health practices face in adopting health information technology (HIT). In particular, witnesses provided testimony on the dislocations between capital costs and returns on investment that discourage greater uptake of HIT assets by small health providers.

On July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified during previous hearings. Witnesses at this hearing discussed several legislative proposals that would make a number of important reforms to the SBA's existing programs and establish new programs that will help close the gap for equity investment that was left when the SBA's investing programs were curtailed.

On Thursday, October 8, 2009, the Small Business Committee, Subcommittee on Finance and Tax held a markup of legislation affecting the SBA's capital access programs, including the 7(a), CDC, Microloan, SBIC, NMVC, and Disaster loan programs. These bills would also establish a new lending program to provide reduced cost capital to small medical practices that purchase health information technology and new equity investing program under the SBA. These bills were reported to the full Committee by voice vote with no amendments.

The full Committee subsequently held a hearing on October 14, 2009, to review proposed legislation to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing expressed their support for several legislative proposals to reform the SBA's existing programs and establish new programs to help close the gap for equity investment.

The Committee on Small Business met in open session on October 21, 2009 and ordered H.R. 3854 reported to the House by voice vote. No amendments were offered during the markup.

On October 29, 2009, the House considered H.R. 3854 and passed the bill by a vote of 389 to 32. The underlying bill text was modified pursuant to a self-executing rule. Sixteen amendments were made in order and fifteen were approved, while one was withdrawn.

On November 2, 2009, the bill was received in the Senate, read twice, and referred to the Committee on Small Business and Entrepreneurship.

No further action was taken on this legislation in the 111th Congress.

#### TEMPORARY EXTENSION ACT OF 2010

(H.R. 4691)

##### *Summary*

H.R. 4691 extended several expiring federal programs, including the small business loan guarantee program established under the American Recovery and Reinvestment Act, which was reauthorized through March 28, 2010 by this legislation.

##### *Legislative history*

H.R. 4691 was introduced by Chairman Rangel on February 25, 2010 and cosponsored by Reps. Conyers, Waxman, Miller, and Oberstar. The bill was referred to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Education and Labor, Transportation and Infrastructure, Financial Services, Small Business, the Judiciary, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

On February 25, 2010, the House considered the legislation under suspension of the rules and it was passed by voice vote.

On February 25, 2010, H.R. 4691 was received in the Senate. The Senate passed the legislation by a vote of 78 to 19 on March 2, 2010. On March 2, 2010, the legislation was signed by the President and became Public Law 111-144.

TO PERMIT THE USE OF PREVIOUSLY APPROPRIATED FUNDS TO EXTEND THE SMALL BUSINESS LOAN GUARANTEE PROGRAM, AND FOR OTHER PURPOSES.

(H.R. 4938)

##### *Summary*

H.R. 4938 makes up to \$40 million of funds appropriated for the business loan program of the Small Business Administration (SBA) under the Consolidated Appropriations Act, 2010 available for small business loan fee reductions and eliminations and the cost of guaranteed loans authorized under the American Recovery and Reinvestment Act of 2009 (ARRA).

The legislation also amends ARRA to extend from March 28, 2010, through April 30, 2010, the authority of the SBA to guarantee up to 90 percent of qualifying small business loans made by eligible lenders under the Small Business Act or the Small Business Investment Act of 1958.

*Legislative history*

H.R. 4938 was introduced by Rep. Serrano on March 25, 2010. The bill was referred to the Committee on Small Business.

On March 25, 2010, the House considered the legislation under suspension of the rules and it was passed by voice vote.

On March 25, 2010, H.R. 4938 was received in the Senate and it was passed by Unanimous Consent. On March 26, 2010, the legislation was signed by the President and became Public Law 111–150.

## SMALL BUSINESS JOBS AND CREDIT ACT OF 2010

(H.R. 5297)

*Summary*

H.R. 5297 makes several changes to SBA's access to capital and contracting programs. This includes provisions increasing the size of 7(a), 504/CDC, and Microloans. In addition, provisions were included regarding the Secondary Market program, the Surety Bond program, the New Markets Venture Capital program and the Office of International Trade, where a new state export assistance program and a rural export promotion initiative were established. In addition, the floor plan financing program was extended.

Significant changes were made to small business procurement initiatives. This includes the establishment of a framework to reduce contract bundling, the creation of a multiple award set-aside program for small businesses, the repeal of the Small Business Competitive Demonstration program, and the establishment of parity of SBA's contracting programs. In addition, changes are made to subcontracting requirements and the OMB is required to report on opportunities for micropurchase opportunities for small businesses.

The legislation also provides the Office of Advocacy with a separate budget line item, sets up a small business size standard certification process, makes changes to Small Business Development Center grants, and permits the SBA loans to be made for businesses impacted by aquaculture disasters.

In addition to provisions related to SBA, the legislation also established in the Treasury the Small Business Lending Fund, administered by the Secretary of the Treasury to cover purchases of preferred stock and other financial instruments from eligible institutions. It also creates a State Small Business Credit Initiative, administered by the Secretary to allocate federal funds to participating states with capital access programs. Finally, the legislation included several tax provisions targeted at small firms.

*Legislative history*

H.R. 5297 was introduced by Rep. Frank on May 13, 2010. The bill was referred to the Committee on Financial Services.

On May 27, 2010, the Committee on Financial Services reported the legislation by a vote of 42 to 23. The legislation passed the House on June 17, 2010 by a vote of 241 to 182. The Senate received the legislation on June 18, 2010 and the Senate began consideration of the legislation and a substitute amendment to it on

July 19, 2010. On September 16, 2010, H.R. 5297, as amended, passed the Senate by a vote of 61 to 38. On September 23, 2010, the House passed the Senate version of H.R. 5297 by a vote of 237 to 187.

On September 27, 2010, the legislation was signed by the President and became Public Law 111–240.

**LEGISLATION TO TEMPORARILY EXTEND THE  
PROGRAMS OF THE SMALL BUSINESS ADMINISTRATION**

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PRO-  
GRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS  
INVESTMENT ACT OF 1958

(H.R. 1541)

*Summary*

H.R. 1541 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through July 31, 2009.

*Legislative history*

H.R. 1541 was introduced by Chairwoman Nydia Velázquez on March 17, 2009. Original Cosponsors included the following Committee members: Rep. Sestak; Rep. Dahlkemper; and Rep. Griffith. The bill was referred to the Committee on Small Business.

On March 17, 2009, the House considered H.R. 1541 under suspension of the rules and was passed by voice vote.

On March 17, 2009, H.R. 1541 was received in the Senate and was passed by unanimous consent. On March 20, 2009, the legislation was signed by the President and became Public Law 111–10.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PRO-  
GRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS  
INVESTMENT ACT OF 1958

(S. 1513)

*Summary*

S. 1513 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through September 30, 2009.

*Legislative history*

S. 1513 was introduced by Senator Landrieu and passed the Senate on July 24, 2009.

On July 29, 2009, the House considered S. 1513 under suspension of the rules and was passed by voice vote.

On July 31, 2009, the legislation was signed by the President and became Public Law 111–43.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PRO-  
GRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS  
INVESTMENT ACT OF 1958

(H.R. 3614)

*Summary*

H.R. 3614 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through October 31, 2009.

*Legislative history*

H.R. 3614 was introduced by Chairwoman Nydia Velázquez on September 22, 2009. The bill was referred to the Committee on Small Business.

On September 23, 2009, the House considered H.R. 3614 and it was passed by a recorded vote of 417 to 2.

On September 25, 2009, the Senate amended H.R. 3614 and it was passed by unanimous consent. On September 29, 2009, the House concurred to the Senate amendment. On September 30, 2009, the legislation was signed by the President and became Public Law 111–66.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PRO-  
GRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS  
INVESTMENT ACT OF 1958

(S. 1929)

*Summary*

S. 1929 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through January 31, 2010.

*Legislative history*

S. 1929 was introduced by Senator Landrieu and passed the Senate on October 26, 2009.

On October 28, 2009, the House considered S. 1929 under suspension of the rules and was passed, as amended, by voice vote.

On October 29, 2009, the Senate agreed to the House amendments by Unanimous Consent.

On October 30, 2009, the legislation was signed by the President and became Public Law 111–89.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PRO-  
GRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS  
INVESTMENT ACT OF 1958

(H.R. 4508)

*Summary*

H.R. 4508 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through April 30, 2010.

*Legislative history*

H.R. 4508 was introduced by Chairwoman Nydia Velázquez on January 26, 2010. The bill was referred to the Committee on Small Business.

On January 27, 2010, the House considered H.R. 4508 under suspension of the rules and was passed by voice vote.

On January 28, 2010, H.R. 4508 was received in the Senate and was passed by unanimous consent. On January 29, 2010, the legislation was signed by the President and became Public Law 111–136.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PROGRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS INVESTMENT ACT OF 1958

(S. 3253)

*Summary*

S. 3253 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through July 31, 2010.

*Legislative history*

S. 3253 was introduced by Senator Landrieu and passed the Senate on April 22, 2010.

On April 27, 2010, the House considered S. 3253 under suspension of the rules and was passed by voice vote.

On April 30, 2010, the legislation was signed by the President and became Public Law 111–162.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PROGRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS INVESTMENT ACT OF 1958

(H.R. 5849)

*Summary*

H.R. 5849 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through September 30, 2010.

*Legislative history*

H.R. 5849 was introduced by Chairwoman Nydia Velázquez on July 27, 2010. The bill was referred to the Committee on Small Business.

On July 27, 2010, the House considered H.R. 5849 under suspension of the rules and was passed by voice vote.

On July 28, 2010, H.R. 5849 was received in the Senate and was passed by unanimous consent. On July 30, 2010, the legislation was signed by the President and became Public Law 111–214.

TO PROVIDE FOR AN ADDITIONAL TEMPORARY EXTENSION OF PRO-  
GRAMS UNDER THE SMALL BUSINESS ACT AND THE SMALL BUSINESS  
INVESTMENT ACT OF 1958

(S. 3839)

*Summary*

S. 3839 extended the programs authorized under the Small Business Act and the Small Business Investment Act of 1958 through January 31, 2010.

*Legislative history*

S. 3839 was introduced by Senator Landrieu and passed the Senate on September 24, 2010.

On September 28, 2010, the House considered S. 3839 under suspension of the rules and was passed by voice vote.

On September 30, 2010, the legislation was signed by the President and became Public Law 111–251.





## FULL COMMITTEE

### OVERSIGHT ACTIVITIES

#### HEALTH CARE REFORM IN A STRUGGLING ECONOMY: WHAT'S ON THE HORIZON FOR SMALL BUSINESS?

On February 4, 2009, the House Committee on Small Business held a hearing entitled "Health Care Reform in a Struggling Economy: What's on the Horizon for Small Business?" The Committee discussed the challenge of offering health insurance coverage for small businesses. Particular attention was given to the leading health reform proposals under consideration by Congress, and the opportunities health reform may offer small firms and their workers. Testimony was offered by Alissa Fox, Senior Vice President, Office of Policy and Representation for the BlueCross BlueShield Association; Tom Haynes, Executive Director of the Coca-Cola Bottlers' Association; Dan Ratner on behalf of the National Retail Federation; Janette Davis, CPA, on behalf of the U.S. Women's Chamber of Commerce; Michael Beene on behalf of the National Association for the Self-Employed; and Mr. Dirck Clark of Heartland Regional Medical Center.

#### THE STATE OF SBA'S ENTREPRENEURIAL DEVELOPMENT PROGRAMS AND THEIR ROLE IN PROMOTING ECONOMIC RECOVERY

The Committee on Small Business held a hearing on February 11, 2009 to examine entrepreneurial needs arising from the economic downturn. This included a review of the SBA's entrepreneurial development (ED) programs and proposals to modernize these initiatives. Small business representatives and industry experts recommended policy changes to the agency's ED programs.

#### DROP IN RETIREMENT SAVINGS: THE CHALLENGES SMALL BUSINESSES FACE FUNDING AND MAINTAINING RETIREMENT PLANS IN A STRUGGLING ECONOMY

On February 25, 2009, the Committee examined the impact the recession and drop in stock market had on small businesses' ability to fund pension and other retirement benefits. Retirement benefits provide both future financial security for business owners and employees, but also allow small business owners the ability to attract and retain talented individuals as their businesses grow. However, with the steep decline in the stock market an estimated \$2 trillion in retirement savings were lost over the past 2 years. Small businesses that have defined benefit plans have fiduciary obligations with respect to funding their plans that are increasingly harder to meet. Employees and small businesses that are in defined contribution plans were being forced to take distributions from depleted accounts.

Witnesses included Stephen Dobrow of Primark Benefits, Jason Speer, owner of Quality Float Works, Andrew Keeler, a certified financial planner with Everhart Financial Group, and Catherine Collinson of Transamerica Center for Retirement Studies. The witnesses highlighted how the recession has impacted their industry, and potential policy changes to aid small businesses and their employees that are experiencing hardship as a result of the recession.

#### THE STATE OF THE RENEWABLE FUELS INDUSTRY IN THE CURRENT ECONOMY

On March 4, 2009 the Committee held a hearing entitled: "The State of the Renewable Fuels Industry in the Current Economy." The Committee heard testimony from witnesses who discussed the state of the renewable fuels industry in light of current economic conditions.

The hearing focused on access to capital issues, the effect of volatile energy prices, and how the overall downturn is affecting the renewable fuels industry. This forum also examined current policies promoting renewable and next generation fuels, including those in the 2008 Farm Bill. It enabled the Committee to consider future policies that will further develop the industry's future during these times of uncertainty. The Committee also heard testimony from small renewable fuels producers and related industries about how they are adjusting during a period of economic instability.

Witnesses included: Mr. Nathan Kimpel, President and Chief Operating Officer, New Energy Corp.; Mr. John Howe, Vice President of Public Affairs, Verenium Corporation; Mr. Manning Feraci, Vice President of Federal Affairs, National Biodiesel Board; Mr. Ron Litterer, Chairman, National Corn Growers Association; Mr. Brooks Hurst, Member of the Board of Directors, The Paseo-Cargill Biofuels Plant, on Behalf of the Missouri Soybean Association.

#### THE PRESIDENT'S FY 2010 BUDGET AND MEDICARE: HOW WILL SMALL PROVIDERS BE IMPACTED?

On March 18, 2009, the Committee on Small Business held a hearing entitled "The President's Budget and Medicare: How Will Small Providers Be Impacted?" The Committee examined Medicare policy within the President's budget outline for FY 2010. The purpose of the hearing was to consider the Administration's proposed changes to Medicare, and the implications it presents for small medical practices and medical facilities. Witness testimony was offered by Dr. Jeffrey P. Harris on behalf of the American College of Physicians; Dr. Joseph M. Heyman on behalf of the American Medical Association; Dr. John T. Preskitt on behalf of the American College of Surgeons; Mr. Edward J. Hannon on behalf of the American Hospital Association; and Robert E. Moffit Ph.D. on behalf of the Heritage Foundation.

#### HEARING ON WASTE, FRAUD, AND ABUSE PURSUANT TO HOUSE RULE XI

The Committee held a hearing on March 25, 2009 to assess the extent of the fraud and management problems in the SBA's Historically Underutilized Business Zone Empowerment Contracting

(HUBZone) program and whether or not the agency implemented GAO recommendations from 2008 regarding these problems. In addition, GAO reviewed its findings regarding the “credit elsewhere” requirement of the Small Business Administration’s (SBA) 7(a) loan program. GAO’s Managing Director of Forensic Audits and Special Investigations, Greg Kutz, testified on GAO’s findings of the expanded fraud investigation the Committee requested in 2008. Bill Shear, Director of Financial Markets and Community Investment at GAO, provided a progress report on the recommendations GAO made in 2008 to strengthen the operation of the HUBZone program and also reviewed GAO’s findings on the “credit elsewhere” as it is applied to 7(a) loans. The SBA testified about their progress in resolving problems uncovered in these programs.

#### IRS OVERSIGHT: SMALL BUSINESS CONCERNS WITH THE IRS

On April 1, 2009, the Commissioner of the IRS, Douglas Shulman, testified before the Committee on a wide range of small business tax issues. For many small businesses, one of the largest impediments to growth is the complexity of the tax code and the administrative burdens associated with meeting their tax obligations. The hearing explored the IRS’s efforts were taking to make it as easy as possible for small businesses to comply with the tax code and also how the IRS plans to outreach to small businesses so that the IRS can understand the needs and concerns of small businesses. Additionally, as the nation’s collector and distributor of tax revenue, the IRS will play a critical role in the stimulus. The hearing allowed members of the Committee to ascertain whether the IRS was properly staffed to process the millions of dollars in refunds and tax credits owed to small businesses. After the hearing, the Committee sent a letter to the IRS detailing small business concerns and the Commissioner responded via letter and assured the Committee it will work closely with the Chair regarding all small business tax issues.

#### THE IMPORTANCE OF TECHNOLOGY IN AN ECONOMIC RECOVERY

On April 22, 2009 the Committee on Small Business convened a hearing to provide an overview of the SBIR program and to highlight its role in advancing innovation and creating jobs. Program managers from Federal government agencies and representatives of small firms testified about the public-private partnerships that SBIR awards facilitate.

#### CLIMATE CHANGE SOLUTIONS FOR SMALL BUSINESSES AND FAMILY FARMERS

On April 29, 2009 the Committee on Small Business held a hearing entitled: “Climate Change Solutions for Small Businesses and Family Farmers.” The Committee heard testimony from Mr. Fred Yoder, Past President, National Corn Growers Association, from Plain City, Ohio; Mr. Robert McNamara, President, F.J.A. Christiansen Roofing Co., Inc., in Milwaukee, WI representing the National Roofing Contractors Association; Mr. Roger Johnson, President, National Farmers Union; Mr. Gordon P. Sharp, Chairman, Aircuity, Inc. in Newton, MA; and Mr. Lawrence W.

Kavanagh, Vice President, Environment & Technology representing the American Iron and Steel Institute.

This hearing provided a critical forum when the House considered climate change legislation, as small businesses and family farmers will have a critical role in future energy policy solutions. The hearing examined the potential opportunities reforms present and ensured the needs of small businesses are addressed in crafting measures. The hearing was also an opportunity for panelists to discuss existing industry practices as well as policy solutions that can reduce greenhouse gas emissions while maintaining a strong economy. The Committee also heard testimony about voluntary and cooperative efforts.

Following the hearing, the Chairwoman sent a letter outlining small business and agriculture issues that should be addressed during House consideration of energy legislation.

#### LEGISLATION TO REAUTHORIZE AND MODERNIZE SBA'S ENTREPRENEURIAL DEVELOPMENT PROGRAMS

On May 6, 2009 the Committee held a hearing to examine legislation to reauthorize and modernize SBA's Entrepreneurial Development (ED) Programs. The legislation extended the scope and modified the delivery of business development services for SBA's ED programs. In particular, the Committee considered the legislation's role in stabilizing and strengthening small businesses during the current period of economic weaknesses. Small business representatives provided testimony at the hearing.

#### THE ROLE OF SMALL BUSINESS SUPPLIERS AND MANUFACTURERS IN THE DOMESTIC AUTO INDUSTRY

On May 13, 2009, the Committee held a hearing to examine the role that small business suppliers and manufacturers play in supporting the domestic auto industry. The hearing focused on the prevailing conditions in the domestic automobile industry in the wake of the 2008 recession and resulting bankruptcies of General Motors and Chrysler. The hearing examined the implications of these events for small businesses throughout the U.S., with particular emphasis on how small manufacturers and third-tier auto part suppliers have been affected. Witnesses also discussed the importance of the domestic automotive industry to the small business economy and the role that the federal government should play in helping stabilize this sector of the economy in order to facilitate the wider recovery of the economy. The Committee received testimony from the Association for Manufacturing Technology, the Motor and Equipment Manufacturers Association, the National Tooling and Machining Association, the Precision Metalforming Association, National Association of Surface Finishers and the American Foundry Society.

#### HEROES OF SMALL BUSINESS

On May 20, 2009, the Committee held a hearing entitled "Heroes of Small Business." Entrepreneurs from across the country testified on their small business success stories. The Committee examined

the important contributions these firms make creating jobs, growing the economy and strengthening local communities.

COMMON GROUND: FINDING CONSENSUS ON HEALTH REFORM, THE  
SMALL BUSINESS PERSPECTIVE

On June 3, 2009, the Committee on Small Business held a hearing entitled “Common Ground: Finding Consensus on Health Reform, the Small Business Perspective.” The Committee examined the health reform debate giving particular attention to those issues impacting the small business community. Witnesses were asked to provide their views on health reform, and where they see opportunities for legislative consensus. Testimony was offered by Jim Wordsworth on behalf of the United States Chamber of Commerce; John Nicholson on behalf of the National Federation of Independent Business; Ms. Joan M. Burkholder on behalf of the United States Women’s Chamber of Commerce; Freddy Castiblanco on behalf of the Main Street Alliance; and Mr. Bradley Thompson II on behalf of the Printing Industries of America.

LAYING THE GROUNDWORK FOR ECONOMIC RECOVERY: EXPANDING  
SMALL BUSINESS ACCESS TO CAPITAL

On June 10, 2009, the Committee held a hearing to conduct oversight of the Small Business Administration’s (SBA) financing programs. Specifically, this hearing explored the challenges facing the SBA’s Capital Access programs, including the 7(a) loan program, the Certified Development Company program (“CDC” or “504”), the 7(m) loan program (“Microloan”), the Small Business Investment Company program (“SBIC”), the New Markets Venture Capital program (“NMVC”), and the Renewable Fuels Capital Investment program (“RFCI”). More specifically, this hearing set the groundwork for legislative actions necessary to modernize these programs and better achieve the mission of providing small businesses with access to capital for economic recovery. The Committee received testimony from the Independent Community Bankers of America; the National Association of Development Companies; the Credit Union National Association; the National Association of Small Business Investment Companies; the American Bankers Association; the Biotechnology Industry Organization, the International Franchise Association; the Associated Equipment Distributors; and the National Marine Manufacturers Association.

LEGISLATIVE INITIATIVES TO STRENGTHEN AND MODERNIZE THE SBIR  
AND STTR PROGRAMS

On June 17, 2009 the Committee on Small Business convened a hearing to examine legislative proposals to improve the SBIR and STTR programs. At this hearing, the Committee heard testimony from small businesses and industry experts on how these proposals will affect small businesses’ ability to advance research and development.

THE LOOMING CHALLENGE FOR SMALL MEDICAL PRACTICES: THE PROJECTED PHYSICIAN SHORTAGE AND HOW HEALTHCARE REFORMS CAN ADDRESS THE PROBLEM

On July 8, 2009, the Committee on Small Business held a hearing entitled “The Looming Challenge for Small Medical Practices: The Projected Physician Shortage and How Health Care Reforms Can Address the Problem.” The Committee discussed the issue of physician supply and the future of small medical practices. Specifically, witnesses offered their views regarding the projected physician workforce shortage, strategies to address the problem, and how current trends have influenced care in rural and underserved areas. Testimony was provided by Dr. Robert E. Harbaugh, on behalf of the American Association of Neurological Surgeons/ Congress of Neurological Surgeons; Dr. George F. Sheldon on Behalf of the American College of Surgeons; Dr. Carlo J. Demarco American Osteopathic Association; Dr. Lori Heim on behalf of the American Academy of Family Physicians; and Dr. Bruce A. Kauk of Northland Internal Medicine located in Gladstone, Missouri.

ECONOMIC RECOVERY: TAX STIMULUS ITEMS THAT BENEFITTED SMALL BUSINESS WITH A LOOK AHEAD

On July 15, 2009, the Committee held a hearing analyzing the tax provisions contained in the stimulus package that benefitted small businesses during the recession and what more needs to take place to revive our economy. Realizing the economic situation our country was facing early in the year, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) to jumpstart the economy. ARRA contained a variety of tax rebates, credits, deductions, and other incentives directly targeted at small businesses. The hearing focused on whether small businesses had utilized these provisions. The National Association of Realtors commented that housing sales increased as a result of the first-time home buyer’s tax credit. The Air Conditioning Contractors Association of America noted that 75% of their members had witnessed increased sales as a result of the non-business energy tax credits for air conditioners, and other home heating equipment. The Independent Community Bankers Association and Association of Manufacturing Technologies emphasized that the extension of the Net Operating Loss provision provided their members an infusion of cash especially at a time when access to credit is severely limited. All witnesses on the panel emphasized to the Committee that their businesses were still hurting. They suggested extensions of some of the current tax provisions, such as the section 179 expensing provisions and an increased home buyer’s tax credit, while doing as much as possible to increase lending.

MEETING THE NEEDS OF SMALL BUSINESSES AND FAMILY FARMERS IN REGULATING OUR NATION’S WATERS

On July 22, 2009 the Committee on Small Business held a hearing entitled “Meeting the Needs of Small Businesses and Family Farmers in Regulating our Nation’s Waters.” The nation’s waterways play a critical role in all acts of commerce, especially when it comes to small businesses and agriculture. Not only are waters

used to transport goods, but there are many waters that are used or affected in the daily operations of small businesses in a wide variety of industries.

The Committee took the opportunity to evaluate the regulatory framework for our nation's waters and the concerns of small business and family farmers. The Committee listened to farmers and small businesses on ways to ensure that the federal regulation of waterways meets the needs of our environment and economy. These small firms are directly affected by the coordination between federal, state and local governments in how these waters and relevant business activities are regulated.

Testifying were members of the agriculture sector, and construction trade groups. Those presenting statements included: Mr. Charlie Kruse, President, Missouri Farm Bureau, on behalf of American Farm Bureau Federation; Mr. Trey Pebley, McAllen Construction Inc., on behalf of Associated General Contractors; Mr. Jim Chilton, on behalf of Arizona Cattle Growers Association, Arizona Public Lands Council, and National Cattlemen's Beef Association; Mr. Lyle Schellenberg, President, Armadillo Underground, on behalf of National Utility Contractors Association; and Mr. Bob Gray, Executive Director, Northeast Dairy Farmers Cooperatives.

#### HEARING ON WASTE, FRAUD, AND ABUSE PURSUANT TO HOUSE RULE XI

On July 29, 2009, the Committee held a hearing to fulfill its mandate of performing Quarterly Congressional Oversight of the SBA. The purpose of the hearing was to review the SBA's progress in addressing identified deficiencies in its various programs. Specifically, however, this hearing focused on the SBA's progress in implementing legislative reforms to its Disaster Assistance program and the HUBZone program. The Committee received testimony from the SBA Administrator as well as from the Government Accountability Office.

#### THE CHALLENGES OF THE 2009-H1N1 INFLUENZA AND ITS POTENTIAL IMPACT ON SMALL BUSINESSES AND HEALTHCARE PROVIDERS

On September 9, 2009, the Committee on Small Business held a hearing entitled "The Challenges of the 2009-H1N1 Influenza and its Potential Impact on Small Businesses and Healthcare Provider." The hearing examined (1) the preparation of small business for H1N1 Influenza, (2) the financial impact a pandemic would have on small business, (3) the stress the 2009-H1N1 outbreak could place on small medical practices, and (4) the response of the federal government.

Testimony was provided by Rear Admiral Anne Schuchat, MD, Assistant Surgeon General for the United States Public Health Service and Director of the National Center for Immunization and Respiratory Diseases (NCIRD) for the Department of Health and Human Services; Dr. Rebecca Blank, Under Secretary of Commerce for Economic Affairs for the U.S. Department of Commerce; Mr. Bridger McGaw, Acting Assistant Secretary for the Private Sector for the Department of Homeland Security; Mr. Anthony Demangone on behalf of the National Association of Federal Credit Unions; Dr. Jim King on behalf of the American Academy of Fam-

ily Physicians; Mr. Harold Jackson on behalf of the U.S. Chamber of Commerce; Dr. David T. Tayloe on behalf of the American Academy of Pediatrics; and Ms. Chris Chinn on behalf of the American Farm Bureau Federation.

#### THE IMPACT OF FINANCIAL REGULATORY RESTRUCTURING ON SMALL BUSINESSES AND COMMUNITY LENDERS

On September 23, 2009, the Committee on Small Business held a hearing on the effect of financial regulatory restructuring on small businesses and community lenders. This hearing examined how proposed changes to the structure and powers of federal financial services regulators will impact smaller firms. The Committee heard testimony from two panels of witnesses. The first panel included business owners and representatives from trade associations. The second panel was comprised of banks, credit unions, and a broker/dealer.

#### EXPIRING TAX INCENTIVES: EXAMINING THEIR IMPORTANCE FOR SMALL BUSINESSES ON THE ROAD TO AN ECONOMIC RECOVERY

On September 30, 2009, the Committee held a hearing examining tax provisions that are due to expire at the end of the year and their importance to small businesses. Commonly known as “tax extenders”, Congress on an annual or bi-annual basis extends certain tax provisions that encourage business investment, and promotes consumer spending. The hearing took on increased importance since the economy had recently shown signs of improvement. The witnesses stressed that to sustain that momentum, Congress should extend these important tax provisions.

Witnesses included representatives of the National Retail Federation, National Restaurant Association, and the International Franchise Association. These witnesses stressed to the Committee that provisions such as the 15-year depreciation schedule for retail and restaurant improvements encourages businesses in their industry to upgrade and improve their restaurants and stores. In addition, the Bio-diesel Board testified that the Bio-diesel tax credit was essential for their members to maintain production and create jobs. Finally, the minority witness, Keith Hall, implored Congress to protect small businesses from the harmful reach of the Alternative Minimum Tax. All of these provisions are considered in the tax extenders package. After the hearing, the Committee wrote a letter to the respective tax writing Committees on House and Senate detailing the need to extend these tax incentives.

#### THE STATE OF THE NATION’S HOUSING SECTOR: AN EXAMINATION OF THE FIRST TIME BUYER’S CREDIT AND FUTURE POLICIES TO SUSTAIN A RECOVERY

On October 7, 2009, the Committee held a hearing entitled “The State of the Nation’s Housing Sector: An Examination of the First Time Buyer’s Credit and Future Policies to Sustain a Recovery.” The Committee examined the current state of the nation’s housing sector and the millions of small businesses who operate in it. The hearing assessed the impact of the first-time homebuyer tax credit and federal policies affecting the real estate industry.



## INCREASING ACCESS TO CAPITAL FOR SMALL BUSINESS

On October 14, 2009, the Committee held a hearing to review proposed legislation to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing expressed their support for several legislative proposals to reform the SBA's existing programs and establish new programs that will help close the gap for equity investment. These proposals ultimately became the basis for H.R. 3854, the Small Business Financing and Investment Act of 2009.

## THE RECOVERY ACT AND BROADBAND: EVALUATION OF BROADBAND INVESTMENTS ON SMALL BUSINESSES AND JOB CREATION

On October 28, 2009, the Committee held a hearing entitled "The Recovery Act and Broadband: Evaluation of Broadband Investments on Small Businesses and Job Creation." The Committee heard testimony from government and industry representatives on steps to advance broadband deployment and adoption through American Recovery and Reinvestment Act of 2009 (ARRA) programs. Through this hearing, the Committee examined the impact on small firms and the importance of these programs in job creation.

## SMALL BUSINESSES AND THE ESTATE TAX: IDENTIFYING REFORMS TO MEET THE NEEDS OF SMALL FIRMS AND FAMILY FARMERS

On November 4, 2009, the Committee on Small Business held a hearing regarding the estate tax and its impact on small businesses. The hearing highlighted the concerns small businesses have with the uncertainty surrounding the estate tax regime. While the current exemption levels protect most small businesses, the law faced expiration at the end of 2009, with the estate tax being repealed in 2010, and then coming back in 2010 at exemption levels falling back to \$1 million and a tax rate of 55 percent.

Witnesses included a small grocer representing the Food Marketing Institute, a representative from the National Cattlemen's Beef Association, and a small printer representing the Printing Industries Association. The witnesses detailed how the complexity and uncertainty surrounding the estate has increased operational costs for their respective businesses and made planning nearly impossible. Further, the witnesses detailed that the estate tax is especially burdensome for capital intensive businesses such as family farms and those in the printing industries. The witnesses stated that they fear they may have to liquidate the business in order to pay the estate tax assessment. The Committee assured the witnesses that it will ensure that small businesses concerns are heard when the estate tax debate begins.

HEARING ON WASTE, FRAUD, AND ABUSE PURSUANT TO HOUSE RULE  
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The Committee on Small Business held a hearing on November 19, 2009 that focused on the SBA's operation of the Service-Disabled Veteran-Owned Small Business (SDVOSB) procurement program. Witnesses included SBA Administrator Karen Mills and Greg Kutz,

GAO's Managing Director of Special Investigations. GAO testified regarding SBA's fraud prevention controls for the SDVOSB program. It found that ten contracts were let to ineligible firms. GAO also determined that over \$100 million in sole-source or restricted competition SDVOSB contracts and \$300 million in other contracts went to those 10 ineligible firms. GAO uncovered that one firm did not employ any service disabled veteran and, in four cases, found that SBA had previously found the firms ineligible after bid protests, but that the contracting agencies had allowed the contracts to proceed. The majority of the cases involved ineligible firms, including some large and one foreign-owned firm, which used an SDVOSB "front company" to "pass-through" the benefits of the contract.

#### CONDITION OF SMALL BUSINESS AND COMMERCIAL REAL ESTATE LENDING IN LOCAL MARKETS

On February 26, 2010, the Committee on Small Business and the Committee on Financial Services held a joint hearing entitled, "Condition of Small Business and Commercial Real Estate Lending in Local Markets." The purpose of this hearing was to examine the state of small business lending and the role that this activity would play in the economic recovery. Additionally, this hearing reviewed the current state and potential risks in the commercial real estate (CRE) sector and explored how it relates to the small business lending and real estate sectors. The hearing was comprised of three panels of witnesses, including small business representatives and CRE professionals; federal regulators and agency officials; and lenders and investment companies.

#### BUSINESS INCUBATORS AND THEIR ROLE IN JOB CREATION

On March 17, 2010, the Committee on Small Business held a hearing entitled "Business Incubators and Their Role in Job Creation." The purpose of the hearing was to evaluate the overall effectiveness of incubators in promoting small business development and employment growth within the current economic conditions. The hearing considered how these business development facilities and programs can contribute to an employment-focused economic recovery as well as current obstacles to their effectiveness.

The Committee received testimony from policy experts in the business incubation and small business fields. The President of the National Business Incubation Association testified on the critical tools these facilities provide to small firms, particularly start-ups, as well as recommendations for legislative initiatives to increase the effectiveness of incubators across the country. A witness representing academia provided the Committee with data demonstrating the impact of business incubators on job creation. The Director of Research and Policy at the Ewing Marion Kauffman Foundation highlighted the role of incubators in providing the critical technical assistance tools to promote entrepreneurship. The director of an angel investment foundation testified on the importance of venture funds linked with technical assistance to promote sustainable start up enterprises. Finally, administrators of two business incubators highlighted the role that these facilities serve

in promoting start-ups in their regions and detailed critical needs facing these operations.

#### SMALL BUSINESS PARTICIPATION IN THE FEDERAL PROCUREMENT MARKETPLACE

On March 24, 2010, the Committee on Small Business held a hearing on issues related to small business procurement, which included oversight of the contracting programs of the Small Business Administration (SBA). The focus of the hearing was on small businesses' participation in the federal procurement marketplace and what steps should be taken to modernize the government's efforts in this area. The Committee examined several issues, including the potential for small business reforms to the Federal Acquisition Regulation (FAR) and the GSA schedule, the need to expand small firms' access to multiple award and multiple agency contracts, the adequacy of the acquisition workforce, recent court challenges to SBA's contracting programs, and contract bundling. Witnesses represented small businesses from a wide range of industries and demographics including veterans, women, aerospace, engineering, and consulting.

#### ENTREPRENEURS AND TAX DAY: HOW THE IRS POLICIES AND PROCEDURES IMPACT SMALL BUSINESSES

On April 14, 2010, the House Committee on Small Business held a hearing entitled "Entrepreneurs and Tax Day: How the IRS Policies and Procedures Impact Small Businesses." The Committee discussed the Internal Revenue Service's relationship with small businesses and the agency's efforts to simplify the tax code for small businesses. The hearing explored the administrative burdens for small businesses regarding tax compliance and examinations while examining strategies the IRS could implement to aide small businesses. The hearing also assessed small business outreach programs within the IRS with special attention paid to the IRS's response to recent tax law changes created by the Recovery Act. Specifically the hearing focused on staffing and procedures the IRS implemented that ensured effective administration of the Recovery Act. Committee Members also evaluated how the National Research Program on Employment Taxes will impact small businesses and steps the IRS will take to reduce the administrative burdens associated with the study. Testimony was offered by Douglas Shulman, Commissioner of the Internal Revenue Service.

#### HEARING ON WASTE, FRAUD, AND ABUSE PURSUANT TO HOUSE RULE XI

On Wednesday April 21, 2010, the Committee held a hearing to fulfill its mandate of performing Quarterly Congressional Oversight of the SBA. The purpose of the hearing was to receive the report of an audit conducted by the SBA's Office of the Inspector General to determine whether Certified Development Companies (CDCs) that participate in the Premier Certified Lender (PCL) loan program exercised prudent underwriting practices when making SBA loans and whether the compensation practices of CDC executives were excessive, relative to the gross receipts of CDCs. The results

of this report found widespread deficiencies within the PCL program and determined that, in 4 out of 5 instances, PCLs were paying out excessive executive compensation. Witnesses at this hearing included the Administrator of the SBA and the SBA Inspector General.

#### EVALUATING THE IMPACT OF SMALL BUSINESS TRADE POLICY ON JOB CREATION AND ECONOMIC GROWTH

On April 28, 2010, the Committee on Small Business held a hearing entitled “Evaluating the Impact of Small Business Trade Policy on Job Creation and Economic Growth.” The purpose of the hearing was to examine the effect of international trade policies on small firms’ ability to stimulate economic growth. The hearing considered the effectiveness of current trade promotion programs designed for small businesses as well as recommendations to ensure these resources contribute to an employment-focused recovery.

The Committee received testimony from small business industry representatives and international trade policy experts. The President of the National Farmer’s Union detailed the importance of export promotion assistance to ensure the continued global competitiveness of U.S. agricultural producers. The President of TechAmerica highlighted the contributions of small technology exporters to economic growth and the critical role these businesses should serve in the nation’s recovery strategy. An economist with the Peterson Institute for International Economics testified in support of an expansion to lending and technical assistance to promote U.S. exports as well as improvements to the effectiveness of trade promotion programs targeted to small businesses. A small manufacturing firm owner also detailed the importance of export opportunities, particularly to maintain the enterprise’s market share and global competitiveness during a domestic economic downturn.

#### TAX INITIATIVES THAT PROMOTE SMALL BUSINESS GROWTH

On May 5, 2010, the House Committee on Small Business held a hearing entitled “Tax Initiatives that Promote Small Business Growth.” The hearing examined tax policies that support small business growth and job creation. In particular, the Committee focused on expiring tax incentives created or extended by the Recovery Act, such as favorable depreciation and expensing schedules and energy tax credits. The hearing also examined proposed tax incentives, such as increasing and expanding tax rules related to expensing, business start up costs and deductions for meals and entertainment. The purpose of the hearing was to discuss the impact tax incentives have on small business job creation and growth. The witnesses provided testimony that they used many of the tax incentives for their businesses and suggested that extensions and expansions of these tax policies will further assist in the economic recovery. Witness testimony was offered by Christopher J. Green on behalf of the American Institute of Architects, Chad Collins on behalf of the National Roofing Contractors Association; Dave Koenig on behalf of the National Restaurant Association; Hugh Joyce on behalf of the Air Conditioning Contractors of America; and Curtis Dubay on behalf of the Heritage Foundation.

SMALL BUSINESSES AND BROADBAND: AN ENGINE FOR ECONOMIC  
GROWTH AND JOB CREATION

On May 12, 2010, the Committee held a hearing entitled “Small Businesses and Broadband: An Engine for Economic Growth and Job Creation.” The Committee heard testimony from Mr. Evan Burfield, Chairman & CEO, Synteractive Corporation; Mr. Steve Messere, Founder & CEO, Revenue Spark Inc.; Mr. Greg Whisenant, Founder & CEO, CrimeReports; Mr. Tom McDonald, CEO, BeSafe Technologies; and Ms. Lindsay Dofelmier, Co-Owner, Urban Agent Team LLC. The hearing examined the transformative effect that innovative broadband applications and services have on small businesses. During this hearing, the Committee heard from small businesses on how broadband is helping to expand their business, grow the economy and create new jobs.

HEROES OF SMALL BUSINESS

The Committee held a hearing on May 26, 2010, entitled, “Heroes of Small Business.” Entrepreneurs from across the country testified on how they have achieved success. The Committee examined how these firms have created jobs and supported their local communities.

RECOVERY IN THE GULF: WHAT THE \$20 BILLION BP CLAIMS FUND  
MEANS FOR SMALL BUSINESSES

On June 30, 2010 the Committee held a hearing to evaluate the BP Gulf Spill Independent Claims fund established by BP to assist businesses and individuals affected by the Deepwater Horizon oil spill. The Committee heard testimony from Kenneth Feinberg, who was the Independent Administrator of the trust fund.

The Committee found that some businesses were complaining that they have not even received the initial advanced payments of \$5,000 while others were complaining that BP is losing documentation supporting claims. In addition, although BP had made payments to many individuals and small businesses of the initial advanced disbursement, increasing numbers of small businesses were facing longer periods without compensation.

Most of the early payments received by entrepreneurs and small businesses had been limited to one month’s worth of lost wages and income or lost net profits, which businesses claimed was minimal compared to the lost sales of the business especially during peak fishing and tourism season. Some small firms and self-employed fishermen were still waiting to receive their larger claim payments with many starting to question if they could stay in business while they awaited payment.

BP continually stated its commitment to ensuring businesses continue to operate and keep employees working but many local businesses found the minimal advance payment inadequate to cover current operating costs and payrolls. As of early June 2010—before the hearing occurred—only about 10 percent of small businesses had received payments from BP with only a handful of larger claims paid in Louisiana.

## BONUS DEPRECIATION: WHAT IT MEANS FOR SMALL BUSINESS

On July 14, 2010, the House Committee on Small Business held a hearing entitled “Bonus Depreciation: What it Means for Small Business.” The hearing focused on bonus depreciation and evaluated how it benefits small businesses. Bonus depreciation offers flexibility and increased cash flow to businesses by providing a 50% immediate deduction on the cost of new property. The hearing gave members of the Committee the opportunity to evaluate the effectiveness of bonus depreciation in small business investments and assess how the secondary effect of increased demand benefits the overall economy. The Committee focused on bonus depreciation due to a proposal to extend bonus depreciation in the Small Business Jobs and Credit Act of 2010. Witnesses provided their views on the benefits of bonus depreciation and why it should be extended. Witnesses included Jack Sanford on behalf of the American Road and Transportation Builders Association; Robert Ring on behalf of the Air Conditioning Contractors of America; Jon Budington on behalf of the Printing Industries of America; Daniel Fesler on behalf of the National Lumber and Building Materials Dealers Association; and Dennis Vander Molen on behalf of the Associated Equipment Distributors.

THE IMPACT OF INTELLECTUAL PROPERTY ON ENTREPRENEURSHIP  
AND JOB CREATION

On July 21, 2010, the Committee held a hearing entitled “The Impact of Intellectual Property on Entrepreneurship and Job Creation.” The Committee heard testimony from Mr. Robert Holleyman, President & CEO, Business Software Alliance; Mr. Rick Carnes, President, Songwriters Guild of America; Mr. Steven Friedman, President, t3 Technologies, Inc.; Mr. Peter Carnes, CEO, Traffax Inc.; and Mr. William Mansfield, Director of Intellectual Property, ABRO Industries. The hearing examined the importance of intellectual property to the growth of small businesses and the broader economy. Witnesses shared their perspective on the steps needed to support job creation and the long-term health of small businesses in IP-intensive industries.

HEARING ON WASTE, FRAUD, AND ABUSE PURSUANT TO HOUSE RULE  
XI

On July 28, 2010, the Committee held a hearing to examine a recent Government Accountability Office (GAO) report on the Historically Underutilized Business Zone (HUBZone) Program, the agency’s response to the BP Oil Spill, and progress made in implementing GAO’s recommendations concerning the Service-Disabled Veteran-Owned Small Business program, and several other matters. The Committee heard testimony from the Karen Mills, Administrator of SBA and Greg Kutz, Managing Director of Forensic Audits and Special Investigations at GAO.

## SUBCOMMITTEE ON FINANCE AND TAX

### OVERSIGHT ACTIVITIES

#### HOW THE COMPLEXITY OF THE TAX CODE HINDERS SMALL BUSINESSES

On May 7, 2009, the Subcommittee on Finance and Tax held a hearing highlighting the growing complexity of the Internal Revenue Code and the impediments this creates for small businesses. The hearing focused on ways to simplify the tax code, make it more efficient, and less burdensome to comply with. The complicated nature of the income tax imposes costs not only on small businesses, who are forced to spend time and money preparing and filing their returns, but also on the Internal Revenue Service (IRS) who is tasked with audit, collection, and enforcement of our nation's tax laws.

Witnesses included Keith Hall, National Tax Advisor for the National Association of Self Employed, and owner of his own accounting firm; Christine Chin-Ryan owner of Synergy Consulting, Inc.; Eric Blackledge, owner of Blackledge Furniture; and Stam Stathis, a certified public accountant of CPA Associates. Witnesses emphasized the need to create permanency with respect to tax provisions, do away with the Alternative Minimum Tax, and eliminate costly and inefficient record keeping requirements. Shortly after the hearing, Congressman Schrader introduced a tax simplification bill that created a standard deduction for those operating a business out of their homes.

#### LEGISLATIVE PROPOSALS TO REFORM THE SBA'S

##### CAPITAL ACCESS PROGRAMS

On July 23, 2009 the Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing discussed several legislative proposals that would make a number of important reforms to the SBA's existing programs and establish new programs to close the gap for equity investment that was left when the SBA's investing programs were curtailed. The Subcommittee received testimony from the American Bankers Association, the Corporation for Enterprise Development; the National Association of Home Builders; the National Association of Development Companies; the National Association of Small Business Investment Companies; and American Academy of Family Physicians.

##### EXPLORING WAYS FOR SMALL BUSINESS TO ACCESS CAPITAL

On August 4, 2009, the Subcommittee on Finance and Tax held a field hearing in Salem, Oregon on expanding access to capital for

entrepreneurs and spurring economic growth. The Subcommittee heard testimony from the SBA's Portland District Office, local businesses, and lenders.

#### ACCESS TO CAPITAL FOR SMALL BUSINESSES

On April 19, 2010, the Subcommittee on Finance and Tax held a field hearing in Sarasota, Florida, entitled, "Access to Capital for Small Businesses." The purpose of the hearing was to examine the state of small business lending, with particular emphasis on the prevailing conditions in South Florida. Hearing witnesses included local business owners and lenders.



## SUBCOMMITTEE ON CONTRACTING AND TECHNOLOGY

### OVERSIGHT ACTIVITIES

#### ENSURING STIMULUS CONTRACTS FOR SMALL AND VETERAN-OWNED BUSINESSES

The Subcommittee on Contracting and Technology held a hearing entitled “Ensuring Stimulus Contracts for Small and Veteran-Owned Businesses” on March 12, 2008. This hearing reviewed federal agencies’ efforts to provide small businesses and veteran-owned small businesses with contracting opportunities contained in P.L. 111–5, the American Recovery and Reinvestment Act of 2009 (ARRA). The Committee examined federal actions to date, as well as recommendations for ensuring small business participation in ARRA-related infrastructure projects. The Committee considered these efforts in the context of small business procurement law, including the applicability of subcontracting requirements, protections under the Federal Acquisition Regulation (FAR), and the application of federal small business goals.

#### LEGISLATIVE INITIATIVES TO STRENGTHEN AND MODERNIZE THE SBIR AND STTR PROGRAMS

On June 4, 2009 the Subcommittee on Contracting and Technology held a hearing entitled “Legislative Initiatives to Strengthen and Modernize the SBIR and STTR Programs.” At this hearing, witnesses provided testimony on four legislative proposals that, if enacted, would modernize these initiatives. Committee members heard how these proposals will affect small businesses’ ability to advance research and development.

#### HELPING SMALL BUSINESS INNOVATORS THROUGH THE RESEARCH AND EXPERIMENTATION TAX CREDIT

On July 9, 2009, the Subcommittee on Contracting and Technology held a hearing on the R&D tax credit and the role it plays in innovation and growth for America’s small businesses. Witnesses included Bart Heenan, CEO of Morphix Technologies; Scott Ferros, CFO of Blackhawk; Doug Wilson, Executive Vice President of LifeNet Health; Dr. Karl Schoenbach of Old Dominion University; Ned Barrett, President of Direct Logic Solutions; and Richard Bendis, President & CEO Innovation America.

The witnesses detailed that the R&D tax credit is vital for American companies looking to stay ahead in increasingly global economy. They emphasized that capital and research lead to new inventions, product, and ultimately jobs. However, since capital and research can take place almost anywhere in the world, it is important for the U.S. economy to keep pace with the rest of the world, changes need to be made. The panel argued that the credit needs

to be made a permanent part of the tax code so that firms can rely on the incentive when planning their research budgets. Additionally, the witnesses noted that the complexity of the provision needs to be reduced so that more and more small businesses can take advantage of the credit.

THE ROLE OF FEDERAL LABS IN SPURRING INNOVATION AND  
ENTREPRENEURSHIP ACROSS THE U.S.

On September 24, 2009, the Subcommittee on Contracting and Technology held a hearing entitled, “The Role of Federal Labs in Spurring Innovation and Entrepreneurship Across the U.S.” The Subcommittee heard testimony from industry representatives on how small businesses performing contracts for federal labs and research facilities have generated technological advancements and local economic benefits. The hearing reviewed the importance of these research projects in job creation.

VETERAN CONTRACTING—PREVENTING FRAUD

The Subcommittee on Contracting and Technology held a hearing on May 24, 2010 in Norfolk, Virginia to discuss a Government Accountability Office (GAO) report that discovered fraud in the Service-Disabled Veteran Owned Small Business (SDVOSB) procurement program. In addition, the hearing examined procurement opportunities available to SDVOSBs. The Subcommittee heard testimony from Greg Kutz, GAO’s Managing Director of Forensic Audits and Special Investigations; Cindy Walters, Director of the Hampton Roads Procurement Assistance Center; Janice Cavolt, owner of JBC Corp and local representative from the American Legion; Elton Roller, owner of Greenland Enterprises, Inc., a certified SDVOSB; and George Armbruster and Duke Ingraham, co-owners of Fleet Services and Installation, LLC, an SDVOSB.

ENSURING CONTRACTING OPPORTUNITIES AND PREVENTING FRAUD  
FOR SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES

On July 15, 2010, the Subcommittee on Contracting and Technology held a hearing to discuss the Service-Disabled, Veteran-Owned Small Business (SDVOSB) procurement program. Federal agencies testified regarding how they work to meet their SDVOSB goals as well as on the contracts that they awarded to SDVOSBs with funds from the American Recovery and Reinvestment Act (ARRA). The Subcommittee heard testimony from representatives from the following agencies: Department of Veteran Affairs; Department of Defense; Environmental Protection Agency; and the Federal Emergency Management Agency. These agencies were selected to testify because they either had noteworthy performance or were cited in the October 2009 Government Accountability Office (GAO) report regarding fraud in the SDVOSB program.

## SUBCOMMITTEE ON REGULATIONS AND HEALTH CARE

### OVERSIGHT ACTIVITIES

#### IMPACT OF FOOD RECALLS ON SMALL BUSINESSES

On March 11, 2009, the Subcommittee on Regulations and Healthcare held a hearing entitled, "Impact of Food Recalls on Small Businesses." The Food and Drug Administration and U.S. Department of Agriculture testified on how their agencies responded to a rash of food recalls occurring in the months before the hearing, and how they work with small businesses during recalls. Representatives of small firms discussed the severe economic impact that food recalls have on their businesses, and what should be done to reduce the incidence of such recalls.

#### IMPACTS OF OUTSTANDING REGULATORY POLICY ON SMALL BIOFUELS PRODUCERS AND FAMILY FARMERS

On May 21, 2009 the Subcommittee on Regulations and Healthcare held a hearing on outstanding regulatory issues impacting the domestic biofuels industry. The Subcommittee heard testimony from witnesses who discussed pending renewable fuel regulations and the regulatory framework affecting the biofuels and related agriculture industries. This forum examined the implementation of programs in the 2007 Energy Bill as well as the 2008 Farm Bill.

Witnesses on the first panel included: Ms. Cheryl Cook, Deputy Under Secretary for Rural Development, United States Department of Agriculture; and Ms. Margo Oge, Director Office of Transportation and Air Quality, U.S. Environmental Protection Agency. Witnesses on the second panel included: Mr. Mike Noble, President, Lake Erie Biofuels, LLC; Mr. Ben Wootton, President, Keystone, Shiremanstown, PA; Mr. Gregory L. Bafalis, President & CEO, Green Earth Fuels, LLC; Mr. Ray Gaesser, Executive Committee Member, American Soybean Association; Mr. Zippy Duvall, President, Georgia Farm Bureau Federation; and Mr. K.C. Das, Ph.D., P.E., Associate Professor, University of Georgia.

#### HEALTH IT ADOPTION AND THE NEW CHALLENGES FACED BY SOLO AND SMALL GROUP HEALTHCARE PRACTICES

On June 24, 2009, the Subcommittee on Regulations and Healthcare held a hearing entitled "Health IT Adoption and the New Challenges Faced by Solo and Small Group Healthcare Practices." The Committee discussed the challenges solo and small group practices face in adopting health information technology (HIT). It also examined the implementation of policies in the American Recovery and Reinvestment Act of 2009 to promote Health IT adoption. Congresswoman Kathy Dahlkemper, Chair of the Sub-

committee on Regulations and Healthcare, introduced the Health Information Technology Financing Act of 2009, a small business proposal designed to increase wider adoption of HIT by providers through the Small Business Administration. Testimony was offered by Dr. David Blumenthal on behalf of the US Department of Health and Human Services; Mr. Jim Fetzner of Comfort Care located in Erie, Pennsylvania; Mr. Rob Jackson of Grove City Medical Center located in Grove City, Pennsylvania; Dr. Susan Kressly on behalf of the American Academy of Pediatrics; Dr. Charles J. Stuckey, O.D.; on behalf of the Pennsylvania Optometric Association; and Ms. Carladenise A. Edwards, Ph.D. on behalf of the Georgia Department of Community Health.

SUBCOMMITTEE ON RURAL DEVELOPMENT, ENTREPRENEURSHIP, AND  
TRADE OVERSIGHT ACTIVITIES

THE IMPACT OF COMPETITIVE BIDDING ON SMALL BUSINESSES IN THE  
DURABLE MEDICAL EQUIPMENT COMMUNITY

On February 11, 2009, the Subcommittee on Rural Development, Entrepreneurship, and Trade held a hearing entitled “The Impact of Competitive Bidding on Small Businesses in the Durable Medical Equipment Community.” The hearing focused on the Centers for Medicare & Medicaid Services (CMS) final rule on competitive bidding for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS). Under the rule, DMEPOS companies are required to submit bids, allowing CMS to select suppliers based on cost and volume, or on potential savings. Witnesses raised concerns about the bidding process suggesting implementation of the program could lead to access and quality problems.

Testimony was provided by Laurence Wilson, Director of DMEPOS Policy, Centers for Medicare and Medicaid Services; Wayne Stanfield on behalf of the National Association of Independent Medical Equipment Suppliers; William Griffin on behalf of North Carolina Association for Medical Equipment Services; Robert E Brant, Accredited Medical Equipment Providers of America, Inc.; Ms. Georgetta Blackburn, AA Homecare; and Dr. Alan Routman on Behalf of American Association of Orthopaedic Surgeons.

LEGISLATIVE INITIATIVES TO MODERNIZE SBA’S ENTREPRENEURIAL  
DEVELOPMENT PROGRAMS

On April 2, 2009, the Subcommittee on Rural Development, Entrepreneurship, and Trade held a hearing to examine legislative proposals to modernize the SBA’s entrepreneurial development (ED) programs. Small business representatives testified on how the proposed legislative initiatives will impact the effectiveness of SBA’s ED programs, while strengthening small firms’ ability to expand.

TEXTILE IMPORT ENFORCEMENT: IS THE PLAYING FIELD LEVEL FOR  
AMERICAN SMALL BUSINESSES?

On June 18, 2009, the Subcommittee on Rural Development, Entrepreneurship, and Trade held a hearing entitled “Textile Import Enforcement: Is the Playing Field Level for American Small Businesses?” The Assistant Commissioner in the Office of International Trade at U.S. Customs and Border Protection, Dan Baldwin, delivered testimony. The hearing examined the challenges small businesses face from illegally trafficked products and whether enforcement of textile laws is adequate.

#### THE FUTURE OF SPECIALTY CROPS FOR SMALL FAMILY FARMERS

On Thursday, July 30, 2009 the Subcommittee on Rural Development, Entrepreneurship and Trade, held a hearing entitled, "The Future of Specialty Crops for Small Family Farmers." This forum provided a discussion of the current Farm Bill programs, and how they will apply to fresh fruits and vegetables. It enabled the Subcommittee to consider future policies that will further develop the industry's future during these times of uncertainty. This Subcommittee was also able to hear testimony from producers about how production will continue to provide small businesses with a future in this industry, even during a period of economic instability.

The hearing included two panels. The first panel included the Honorable Kathleen Merrigan, Deputy Secretary of Agriculture, with the U.S. Department of Agriculture. The second panel included: Mr. Bill Holbrook, Cold Mountain Farms from Waynesville, NC; Mr. Kenny Barnwell, Kenny Barnwell Orchards, from Edneyville, NC; Mr. Brian Rose, President, Flavor 1st Growers & Packers, from Horse Shoe, NC; Mr. Rich Hudgins, President & CEO, California Canning Peach Association, and Mr. Jim Anderson, Executive Director, with the Missouri Wine and Grape Board.

#### THE ROLE OF AUTO DEALERS ON RURAL COMMUNITIES

On September 16, 2009, the Subcommittee on Rural Development, Entrepreneurship and Trade held a hearing on the role of auto dealerships on rural communities. This hearing examined the effect of automobile dealers on the local communities that these dealers are located within, with a focus on rural communities. The Subcommittee heard testimony from auto dealers and an academic scholar on this issue.

#### COAL COMBUSTION BYPRODUCTS: POTENTIAL IMPACT OF A HAZARDOUS WASTE DESIGNATION ON SMALL BUSINESSES IN THE RECYCLING INDUSTRY

On July 22, 2010, the Subcommittee on Rural Development, Entrepreneurship and Trade held a hearing to discuss the effect of proposed coal combustion waste (CCW) regulations on small businesses. The Environmental Protection Agency (EPA) testified about the proposed regulations and a panel of industry representatives and experts testified about the regulation's impact on small businesses.

The Subcommittee stressed the importance of the business community and the EPA working together to promote environmentally progressive strategies to dispose of CCW. During the hearing, witnesses testified that the new regulations proposed by the EPA could shut down many businesses in the coal ash recycling and associated manufacturing sectors. Witnesses further testified that it could also deter industry investment in such strategies and, as result, increase the amount of waste in landfills. Instead, witnesses concluded that any final EPA rules should draw on the commercial markets for CCW "beneficial use" products, which are an economically efficient means to reduce this waste stream.

## SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

### OVERSIGHT ACTIVITIES

#### EXPANDING EQUITY INVESTMENT IN SMALL BUSINESSES, INVESTIGATIONS AND OVERSIGHT

On March 26, 2009, the Subcommittee on Investigations and Oversight held a hearing to explore the role of equity investment for small firms and examine potential measures for expanding equity investment for small businesses. More specifically, the hearing focused on issues related to equity investment in small business with emphasis on how difficult economic conditions have affected investment in small firms. The Committee received testimony from the National Association of Small Business Investment Companies, the Angel Capital Association, the Private Equity Council, the National Venture Capital Association, the Biotechnology Industry Organization and a Business Development Company.

#### THE CONSUMER PRODUCT SAFETY IMPROVEMENT ACT AND SMALL BUSINESS

On May 14, 2009, the Subcommittee on Investigations and Oversight held a hearing entitled “The Consumer Product Safety Improvement Act and Small Business.” The Acting Chairman of the Consumer Product Safety Commission, Nancy Nord, delivered testimony. The Subcommittee heard testimony from small business manufacturers of children’s products. The small firms discussed the challenges they face in complying with the Consumer Product Safety Improvement Act. The Subcommittee explored how the CPSC can minimize related regulatory burdens on small businesses.

#### THE UPCOMING HIGHWAY BILL AND ENSURING IT MEETS THE NEEDS OF SMALL BUSINESS

On July 16, 2009, the Subcommittee on Investigations and Oversight held a hearing entitled “The Upcoming Highway Bill and Ensuring It Meets the Needs of Small Business.” The Subcommittee heard testimony from small firms in the construction industry including contractors, equipment distributors, architects and materials providers. The hearing examined how investing in highway infrastructure benefits local economies and what improvements to America’s surface transportation system are required to meet the needs of entrepreneurs.

#### THE IMPACT OF ENERGY POLICY ON SMALL BUSINESS

On August 25, 2009, the Subcommittee on Investigations and Oversight held a field hearing in Tulsa, Oklahoma on the impact of national energy policy on small businesses. As Congress considered energy and climate change legislation, it was appropriate to

convene this hearing to ensure that small businesses and family farmers would have a critical role in any policy solutions. The hearing examined the potential opportunities that potential reforms can present and ensured that the needs of small businesses were addressed in crafting measures. The Subcommittee heard testimony from local energy businesses.

#### ACCESS TO CAPITAL FOR SMALL BUSINESSES

On May 17, 2010, the Subcommittee on Investigations and Oversight held a field hearing in Pittsburgh, Pennsylvania, entitled, "Access to Capital for Small Businesses." The purpose of the hearing was to examine the state of small business lending, with particular emphasis on the prevailing conditions in Western Pennsylvania.

#### IMPACT OF INTERCHANGE FEES ON SMALL BUSINESS

On July 29, 2010, the Subcommittee on Investigations and Oversight, held a hearing to examine how the current fee structure associated with card payment transactions has affected small businesses and small financial institutions. Specifically, the Subcommittee explored the advantages that the current system provides to small businesses, consumers, and banks, as well as how the costs of this system are allocated among these parties. Additionally, this hearing explored how the interchange system will be affected by recent changes in law that are expected to come about with the passage of the Frank-Dodd Financial Regulatory Reform bill. Witnesses at this hearing included the CEOs of a community bank, a credit union and representatives from two small businesses.



## **OVERSIGHT PLAN FOR THE 111TH CONGRESS**

Clause 2(d) of rule X of the Rules of the House of Representatives for the 111th Congress requires that each standing committee in the first session of a Congress adopt an oversight plan for the two-year period of the Congress and submit the plan to the Committee on Government Reform and the Committee on House Administration.

Clause 1(d)(1) of rule XI requires each committee to submit to the House not later than January 2 of each odd-numbered year, a report on the activities of that committee under rules X and XI during the Congress ending on January 3 of such year. Clause 1(d)(3) of rule XI also requires that the report include a summary of the oversight plans submitted pursuant to clause 2(d) of rule X; a summary of the actions taken and recommendations made with respect to each such plan; and a summary of any additional oversight activities undertaken by the committee and any recommendations made or actions taken thereon.

Part A of this section contains the Oversight Plan of the Committee on Small Business for the One Hundred Eleventh Congress, which the Committee considered and adopted on January 28, 2009.

Part B of this section contains a summary of the actions taken to implement that plan and the recommendations made with respect to the plan. Additional oversight activities undertaken by the Committee, and the recommendations made or actions taken thereon, are contained in the specific sections relating to the activities of the full Committee and each of the subcommittees.



## **PART A**

### **OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED ELEVENTH CONGRESS**

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JANUARY 28, 2009. Approved by the Committee on Small Business.

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Ms. VELÁZQUEZ, from the Committee on Small Business, submitted to the Committee on Oversight and Government Reform and the Committee on House Administration the following

### **REPORT**

Clause 2(d)(1) of rule X of the Rules of the House of Representatives for the 111th Congress requires each standing committee, not later than February 15th of the first session to adopt an oversight plan for the 111th Congress. The oversight plan must be submitted simultaneously to the Committee on Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Small Business for the 111th Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress, but does not preclude oversight or investigation of additional matters or programs as they arise. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction over any of the subjects listed below.

#### *I. Oversight of the Small Business Administration*

A. Agency Management. Given the challenges facing the economy, the Committee will review the adequacy of the management structure, staffing levels, and financial resources of the agency's programs. The Committee will review new initiatives that have been implemented to respond to the economic slowdown and determine if further action or modification is warranted. With the decrease in SBA lending activity, the Committee will examine the role that the centralization of loan processes played, including the role that the facilities in Herndon, Virginia; Hazard, Kentucky; and Citrus Heights, California have played. The Committee will also consider whether the commercial loan centers in Fresno, California and Little Rock, Arkansas are accomplishing their mission. The Committee will examine the role of SBA District Offices and whether they are meeting the needs of the local community. The Committee will review human resources policies and employee training programs, including SBA University, to determine their effect on agency morale and preparedness. The Committee will re-

view the agency's cooperative agreements, partnerships and co-sponsorships. The Committee will continue to assess the adequacy of the agency's budgetary requests, financial management, and reporting goals.

B. Lending Programs. With loan volumes declining substantially across SBA's lending programs, the Committee will review measures to reverse these trends. This will include examining alternatives to existing programs, as well as changing existing initiatives' structure. The Committee also will analyze the government's response to the recent economic downturn and financial crisis. This will include an evaluation of the impact of the Troubled Assets Relief Program (TARP) and the Capital Purchase Program (CPP) on SBA lending. In addition, the Committee will assess whether the Federal Reserve's Term Asset-Backed Securities Loan Facility (TALF) has assisted the secondary market for SBA loans. The Committee will also consider enhancing the 7(a) and Certified Development Company programs so that they are more effective in reaching borrowers unable to secure conventional loans. Additionally, the Committee will review the Microloan program with the intent of making it more affordable for borrowers and reducing barriers to its growth.

C. Lender Oversight. The Committee will conduct hearings regarding the effectiveness of SBA's Office of Lender Oversight. This will include an assessment of the SBA's ability to monitor risk in its loan portfolio and the corrective actions it has taken to address undue risk. In addition, the Committee will also review the sufficiency of the budgetary resources for the lender oversight function. The Committee also will examine methods the SBA uses to manage risk in its loan portfolio and review the agency's policies and practices regarding its lending partners. Finally, the Committee will review the procedures to monitor the SBA's investment programs, including an assessment of actions taken to protect the government from loss due to capital impairment in these programs.

D. Investment Programs. The Committee will conduct hearings regarding the availability of equity capital for small firms in the current economic environment. The Committee will consider proposals to modify and reestablish the SBIC participating securities program, with a focus on broadening early-stage investment in high-growth, job-creating industries. The Committee will continue to consider policy changes that will increase angel investment. Finally, the Committee will assess the New Markets Venture Capital program and how it can be strengthened to better fulfill its mission of making equity capital more available to low-income in urban and rural communities.

E. Disaster Programs. The Committee will review the implementation of major statutory changes to the SBA's disaster loan and response programs made during the 110th Congress. This will include an assessment of the programs that: incorporate private sector lenders into the disaster loan program; improve the agency's response during and after disasters; enhance coordination among agency's responding to disasters; and provide for improved system resiliency. In addition, the Committee will review SBA's disaster simulations, planning and preparations for large-scale disasters, and modifications made to the disaster cadre.

F. Entrepreneurial Development Programs. The Committee will conduct hearings into how these programs can play a greater role in current economic downturn and assist struggling businesses and unemployed workers. This will include ensuring that these initiatives are focused on stimulating economic development, providing workforce retraining, and creating new jobs. The Committee also will evaluate the sufficiency of these programs' services to make certain that the needs of small businesses are being met. The Committee will examine proposals to establish a national incubator program that will provide and serve as a catalyst for entrepreneurial growth in local communities.

G. Government Contracting and Business Development Programs. The Committee will examine the SBA's contracting and business development to ensure that the agency's efforts are meeting the needs of small businesses. In particular, the Committee will review the 8(a) program, the Small Disadvantaged Business program, and the Women's Procurement Program. With regard to the Women's Procurement Program, the Committee will continue to review the agency's implementation actions. The effectiveness of SBA's role in mitigating bundled contracts, including the hiring and retention of procurement center representatives, will be assessed. In light of reports raised by the SBA's Inspector General, the Committee will examine the role that Alaskan Native Corporations play in the 8(a) program and ensure that the program's rules and regulations encourage minority small business growth and development. The Committee will continue to oversee the HUBZone program, including addressing the GAO's findings of fraud and insufficient program controls. The Committee will assess the Service-Disabled Veteran-Owned Procurement Program to ensure that it is being properly implemented. The Committee will examine recent decisions by the GAO (International Programs, Inc. B-400278; B-400308), as well as changes to the Federal Acquisition Regulations (FAR) that would effect the coordination of SBA's contracting and business development programs government-wide. The Committee will examine the SBA's Office of Size Standards to ensure that it has the resources and organization structure to effectively update size standards in a timely manner. With regard to the 7(j) program, the Committee will review the agency's process to determine awards under this authority. Finally, the Committee will review the SBA's actions to improve the accuracy of federal contracting databases that list eligibility and awards made to small businesses.

H. Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Building on the Committee's efforts to assess and reauthorize the SBIR and STTR programs during the 110th Congress, the Committee will consider proposals to strengthen and modernize the SBIR and STTR programs. In order to further the most promising technologies and promote maximum job creation, the Committee will consider specific proposals to permit venture capital-backed companies to participate in the SBIR program.

I. Office of Advocacy. The Committee will assess the policies of the Office of Advocacy and its capabilities to reduce regulatory burdens on small businesses.

J. Veterans Corporation. The Committee will review the on-going activities of the National Veterans Business Development Corporation to determine whether the Corporation is serving as an effective advocate for veteran-owned businesses. In light of concerns that the Corporation is not meeting its obligation to veterans, the Committee will examine the Corporation's operation and performance to determine whether or not it should be replaced with a new entity. The Committee will examine the Corporation's relationship within the context of all federal programs designed to assist veterans, particularly those returning from Iraq and Afghanistan. The Committee also will evaluate the relationship between the SBA and the Corporation to identify whether the SBA is working cooperatively with the Corporation, or whether work is being unnecessarily replicated. The Committee will identify whether the Corporation's efforts at expanding and enhancing private funding options have been successful.

## *II. Agriculture*

A. Implementation of Recent Agricultural Policy. The Committee will examine the impact of federal policies on family farms, ranchers, and rural small businesses. The Committee will provide an in-depth examination of the implementation of the 2008 Farm Bill and its impact on small entities. This will include an investigation of the policies' effects on the income, production costs, and prices received by small producers.

B. Financial and Technical Assistance. The Committee will examine the impact of access to capital issues facing rural areas, farmers and agribusinesses. The Committee will evaluate federal programs that provide training, information, and networking resources to enhance entrepreneurial activity in these regions.

C. Program Harmonization. The Committee will examine the SBA and Department of Agriculture economic development programs to determine how the two agencies can better coordinate their missions to assist small business owners, both through program harmonization and streamlined communications.

D. Renewable fuels. The Committee will examine the role of small businesses in renewable fuel development and production. The Committee will assess the operational needs of small farmers seeking to produce alternative fuel products.

E. Climate Change. The Committee will examine how farmers and small businesses can contribute to climate change mitigation, and how they can minimize their climate impact in a way that will positively affect their revenues and profitability.

F. Food Prices. The Committee will examine how over the course of the last months of 2008, commodity prices have dramatically declined, yet retail food prices remain high. The Committee will examine further all responses to the food price issue, including their impact on American farmers, consumers and small businesses.

G. Value Added Products. The Committee will increase oversight of financing and technical assistance programs that aid small farmers' expansion into emerging niche agricultural markets, including organic products. The Committee will evaluate the operational needs of small farmers working to add value to outputs and maintain competitiveness in the changing marketplace.

H. Rural Economic Development. The Committee will oversee federal activities to spur economic development in rural communities. The Committee will conduct hearings on the physical and financial infrastructure needed to maintain and grow small rural businesses, including access to air transportation.

I. Competition Problems in Rail Industry and Impact on Rural Areas. The Committee will examine competition problems facing small firms as related to the rail industry and rail rates, and identify anticompetitive barriers to entry. The Committee will identify antitrust policies that increase competition and foster market conditions, thus allowing for more competition in terms of price and availability for rural areas.

### *III. Energy*

A. Energy Bill Provisions. The 110th Congress passed sweeping energy legislation signed by the President (P.L. 110–140 December 19, 2007) that included Title XII, entitled “Small Business Energy Programs.” The Committee will play an active oversight role as these provisions are implemented, especially with respect to the adequacy of the programs for small firms.

B. Energy Efficiency. The Committee will investigate methods to increase energy efficiency and improve resource conservation practices for small businesses. The Committee will conduct oversight of federal initiatives to streamline business operations and reduce energy costs for small firms.

C. Renewable Energy Incentives. The Committee will examine expiring renewable energy tax incentives. This will include a review of how important these policies have been in stimulating small business commerce within the sectors of renewable biofuels, wind, solar, and geothermal.

D. Energy Prices. The Committee will conduct hearings on the effect of volatile energy and petroleum prices on small businesses, particularly fuel intensive sectors, such as farming, transportation, and those that use petroleum products as feedstock.

### *IV. Financial services and credit availability*

A. Financial Crisis. The Committee will review the impact that legislation aimed at stabilizing the U.S. financial markets has had on small financial firms and other small businesses. This will include an assessment of the Troubled Asset Relief Program (TARP) and the Capital Purchase Program (CPP). In addition, the Committee will review several actions taken by the Federal Reserve, including the establishment of the Term Asset-Backed Securities Loan Facility (TALF) and its effect on commercial lending.

B. Emerging Economic Trends. The Committee will continue to examine ongoing economic conditions stemming from the recession that began in August of 2008, and their effect on small firms’ ability to grow, create jobs, and access capital.

C. Credit Markets. The Committee will review conditions in the national credit markets as they relate to small business lending and investment and will oversee federal efforts to ensure that those markets function properly.

D. Secondary Market. The Committee will examine the role that the secondary market plays in small business finance. This will in-

clude a review of asset-securitization procedures and policies in place for commercial lending. The Committee will consider whether the secondary market for small business loans can be enhanced through standardization, credit enhancements, or making performance data more readily available.

E. Costs of Sarbanes-Oxley Compliance. In 2009, the Securities and Exchange Commission (SEC) will release data on the costs small public companies would face if they were required to comply with Section 404 of the Sarbanes-Oxley Act. The Committee will evaluate the findings of the SEC and will assess the affect of SOX 404 compliance costs on small firms.

F. Venture Capital. The Committee will conduct oversight hearings into trends in venture capital investment, including whether start-up firms are securing such funding. The Committee also will consider declining initial public offering activity and its impact of venture capital financing.

G. Capital Formation. The Committee will review barriers that impede small businesses' access to the capital markets, including obstacles to initial public offerings and the public equity markets. This will include a review of how SEC rules, regulations, and forms affect small companies and whether SEC regulation S-B is sufficiently tailored to the needs of small issuers.

H. Middle Market Financing. The Committee will examine whether middle market companies are able to secure sufficient and cost-effective financial resources. These companies, which generate between \$5 million and \$250 million in annual revenue, contribute approximately 70 percent toward the nation's gross national product. The financing needs of these companies are often well beyond the capacity of SBA's programs and, given the current economic downturn, many of these companies are left without access to affordable credit and capital.

I. Role of Small Lenders. The Committee will assess the impact of consolidation and attrition in the financial services industry on small lenders and small business borrowers. In addition, the Committee will review industry trends and regulatory developments that may reduce the availability of financing to small firms.

J. Insurance. The Committee will evaluate the use of insurance products by small businesses, including property/casualty lines. The Committee also will assess the impact of federal insurance reforms on small insurers and small businesses. Finally, the Committee will examine the impact of federal regulatory efforts on small insurance companies and insurance brokers.

## *V. Health care*

A. Access to Affordable Health Coverage. The Committee will evaluate a number of health care policies designed to expand access to affordable health insurance through small employers. The Committee will look at proposed federal changes to give small employers greater options for coverage. The Committee will examine current and proposed state initiatives to promote coverage, and will evaluate the impact of these reforms on small employers in those markets. The Committee will examine the impact of these changes on the small-group health insurance market.



B. Expanding Available Options for Small Employers to Purchase Health Insurance. The Committee will examine options for removing barriers to affordable small employer coverage. The Committee will conduct hearings to review new and emerging policies to increase access to affordable health care coverage. These possible changes include, but are not limited to, increasing pooling mechanisms for small businesses, reinsurance models, and ERISA reforms.

C. Tax Credits to Increase Health Coverage. The Committee will analyze the intersection of tax policy and health care in the 111th Congress as health care reform becomes not only a national but also a small business priority. The Committee will examine whether the current system, which allows an employer deduction for health insurance premiums, is the best way to make health care affordable for the millions of small business employers and small business employees that currently are without any coverage. The Committee will examine reform options, including but not limited to: capping the deduction on employer benefits, converting the deduction into a fixed refundable credit for the small business employer, converting the deduction into a fixed, refundable credit for the small business employee, or some other reform option.

D. Health IT Adoption. The Committee will conduct hearings to evaluate the economic benefits derived through the adoption of a uniform, secure, interoperable health information technology infrastructure (Health IT) by small healthcare groups—i.e. physicians, vendors and other providers. In particular, the Committee will consider the degree to which Health IT creates market efficiencies and whether those advantages will exist for small groups. The Committee will evaluate the challenges of Health IT adoption.

E. Health Care Consolidation. The Committee will examine the impact of consolidation in the health care industry on the cost and availability of care to small firms. The Committee will assess the effects of health insurer consolidation on healthcare providers. The Committee will examine the need to revise the FTC/DOJ Joint Health Care Guidelines to reflect increased consolidation health care markets, and to ensure that the Guidelines are not placing physicians on an unlevel playing field.

F. CMS Healthcare Provider Compensation. The Committee will examine federal reimbursement of healthcare providers and the effect that such reimbursement decisions have on non-Medicare/Medicaid insurer reimbursement to physicians and other healthcare providers. This will provide a particular focus of the impact on small healthcare practices.

G. CMS Regulation. The Committee will evaluate CMS regulations that affect the business operation of small healthcare providers. In particular, the Committee will examine CMS' regulatory structure and consider how current regulations may be enhanced to improve the business environment of healthcare providers.

## *VI. International trade*

A. Domestic and International Trade Policies. The Committee will hold hearings to identify measures for inclusion in trade agreements that reflect the interests of small domestic businesses, particularly facilitation measures and sector-specific preferences. The

Committee also will work to increase the representation of small business interests in the negotiation of new trade agreements and enforcement of existing agreements and treaties. This will include an effort to expand the focus on small business interests among federal trade policymakers. Additionally, the Committee will identify domestic policies compliant with international regulations, such as export loans, which help ensure the global competitiveness of small United States businesses.

B. Trade and Employment. The Committee will examine the impact of trade policies on job losses among small firms. This will include a review of trade agreements, regulations, and procedures that adversely effect small firms' ability to create and retain domestic jobs.

C. Trade Promotion Programs. The Committee will hold oversight hearings to measure the performance of federal trade programs, which seek to reduce small firms' costs of expanding into international markets, including those administered by the SBA, Departments of Commerce and Agriculture, the Export-Import Bank, and the Overseas Private Investment Corporation. The Committee also will evaluate the implementation of the National Export Promotion Strategy, particularly its focus on small businesses. Further, the Committee will highlight components of the country's infrastructure that facilitate efficient cross-border trade, but are in need of improvements such as ports, roads, and airport facilities.

D. Regulations Affecting Trade. The Committee will assess whether existing international trade sanctions effectively prevent unfair trade practices such as theft of intellectual property or dumping of products below the cost of production. This evaluation will incorporate an examination of mechanisms to increase small businesses' access to relief from unfair trade practices through trade remedy programs. Finally, the Committee will work with the Executive Branch to reduce regulations that serve as barriers to small businesses engaged in importing and exporting.

E. Trade Data and Trends. The Committee will evaluate the availability and quality of data measuring the contributions to the nation's trade performance by small businesses, including information gathered by the Department of Commerce and the United States Trade Representative. This will include an effort to examine the data compiled by federal agencies, indicating the output by small firms receiving trade-related assistance.

## *VII. Procurement*

A. Troubled Asset Relief Program (TARP). The Committee will examine the impact of waiving certain provisions of the Federal Acquisition Regulation on small business in the implementation of the Emergency Economic Stabilization Act of 2008. The Committee will examine measures taken by the Department of Treasury to utilize small businesses, including minority-owned and women-owned businesses as asset managers, consultants, and servicers for the TARP.

B. Omnibus Economic Stimulus. The Committee will conduct oversight of any economic stimulus legislation to determine its impact of small businesses. This will include an examination of the number and amount of federal contracts awarded to small busi-

nesses and an analysis of the job creation benefits of such procurement actions.

C. Implementation of National Defense Authorization Act of 2008. The Committee will review the impact of the “enhanced competition” and new bid protest provisions of this Act on small firms. This will include an investigation of whether these new authorities are benefiting small firms, particularly in defense-related industries.

D. Application of Small Business Set-Asides for Task and Delivery Orders under Multiple Award Contracts. The Committee will examine recent GAO decisions (including Delex Systems, Inc., B-400403) that determined that federal small business set-asides and “the rule of two” apply to task and delivery order under multiple award schedule contracts. The Committee will examine efforts taken by agencies to understand if such set-asides are being applied consistently government-wide.

E. Use of Indefinite Delivery/Indefinite Quantity (ID/IQ) versus Sealed Bids for Construction Project Awards. The Committee will investigate whether federal agencies are increasingly relying on ID/IQ solicitations, instead of sealed bids, to award construction projects. The Committee will use this examination to determine whether such a trend promotes competition, particularly for smaller firms in construction and related industries.

F. Emergency Contracting Authority. The Committee will review the federal government’s emergency contracting practices, such as the use of no-bid contracts and the raising of the micropurchase threshold, to ensure that maximum competition is achieved in such circumstances, particularly with regard to small business participation.

G. Contract Bundling. The practice of contract bundling displaces small businesses from the federal marketplace. The Committee will continue to monitor the use of “bundled” contracts, and ensure that regulations to reduce contract bundling are being followed. The Committee will continue to work to “unbundle” contracts where appropriate.

H. Federal Contracting Goal. The Committee will review federal agencies performance in meeting annual contracting goals. In order to foster greater small business participation in the federal marketplace, the Committee will seek to work with agencies that have historically underperformed in meeting their contracting goals.

I. Agency Miscounting of Contracts. The Committee will investigate the sufficiency of actions taken by the SBA, the FAR Council, and the Office of Federal Procurement Policy to ensure that contract awards to small firms are accurately enumerated. The continued reliance by the Executive Branch on an inaccurate data collection system overstates agency compliance with small business contracting goals—a situation that has yet to be rectified. The Committee will continue to review whether processes, including the usage of the Federal Procurement Data System, are appropriate to provide an accurate and transparent accounting of small business participation in the federal procurement market.

### *VIII. Regulations*

A. The Committee will examine federal agency rules and regulations, as well as consider proposals to simplify them and ensure that small businesses are not subject to undue regulatory burdens.

B. The Committee will identify regulations that impose unnecessary barriers to competitive market entry by small businesses and place small businesses at a competitive disadvantage with respect to larger competitors.

C. The Committee will identify regulations that fail to minimize recordkeeping and reporting requirements, including the elimination of duplicative requirements as required by the Paperwork Reduction Act.

D. The Committee will assess whether small businesses are provided sufficient compliance assistance, including small entity compliance guides issued by agencies as mandated by the Small Business Regulatory Enforcement Fairness Act.

E. The Committee will examine the agency process for promulgating rules and regulations including: the adequacy of an agency's compliance with the Regulatory Flexibility Act; the adequacy of an agency's compliance with the Paperwork Reduction Act; whether the agency minimized burdens and maximized benefits for small businesses while achieving its statutory and regulatory objectives; whether the agency fully considered alternatives to the regulations that would lessen burdens on small firms; and, whether small businesses have been provided sufficient opportunity to comment and provide input into the development of regulations.

F. The Committee will examine the need to amend and further strengthen the Regulatory Flexibility Act and the Paperwork Reduction Act to improve agency compliance with the laws and ensure that small businesses are not unnecessarily burdened by regulations.

### *IX. Taxation issues*

A. Tax Incentives and Measures to Stimulate Economy. The Committee will hold hearings on the state of the U.S. economy and how tax policy geared towards small businesses can generate an economic recovery. The Committee will focus on tax stimulus items to mitigate the negative effects of the economic slowdown. This will include an examination of the concerns of specific industries such as housing, manufacturing, technology, travel, and retail, where small businesses play a dominant role. The Committee will highlight regulatory and legislative efforts that increase consumption, hiring, retention, and investment by and for small businesses.

B. Current State of the Tax Code. Nearly all aspects of taxation, including the current taxation of individual income, capital gains, estate taxes, and dividends, are set to change in 2010. As such, the committee will analyze, keeping fiscal considerations in mind, whether a renewal, modification, or expiration of some or all of these tax policy items best promotes development and growth of the economy and small business. Finally, the Committee will examine if this is the appropriate time to enact fundamental tax reform that includes a rationalization of deductions, exclusion, and credits, and an integrated tax system, which would promote small business expansion.

C. Investment in Small Businesses and Tax Policy. The Committee will study tax proposals that encourage investments from outside sources while also analyzing tax initiatives that encourage small firms to expand their businesses. This includes not only scrutiny of existing incentives, such as the Investment Tax Credit, and New Markets Tax Credit, but also new tax credits, deductions or preferences that would encourage investors to directly invest in small business start-ups. Additionally, the Committee will examine other specific tax relief, such as Section 179 expensing provisions, accelerated bonus depreciation provisions, and hiring and retention tax credits that encourage small firms to expand their workforce and grow their businesses.

D. Alternative Minimum Tax. The Committee will examine ways to reform the alternative minimum tax to provide tax relief for small businesses. The Committee will review proposed changes and the budgetary costs of making such modifications.

E. Tax Modernization. The last major reform of the tax code occurred in 1986, and changes made since have occurred in a piecemeal fashion. Therefore, the Committee will investigate obsolete provisions in the tax code that need to be modernized to help small businesses. The Committee will identify code provisions that need to be updated on account of inflation, altered business realities, or inequitable treatment due to the small business's choice of entity.

F. Tax Simplification and Fairness. The Committee will explore the growing complexity of the United States tax system and its adverse impact on small employers. Also, because the tax system is based on voluntary compliance, the Committee will examine the myriad of complex and unclear tax rules that cause frequent errors by small businesses and exacerbate opportunities for noncompliance. Finally, the Committee also will examine inequities within the tax code that treat smaller businesses differently from their larger counterparts. The Committee will focus on proposals and make recommendations that ensure that tax policy is fair and reasonable for small businesses.

G. Three Percent Withholding Requirement and Potential Impact on Small Businesses. A three percent withholding measure was added to the Tax Increase Prevention and Reconciliation Act of 2005. This measure, which will become effective in 2011, will require that all federal payments have three percent withheld for future taxes. The Committee will examine the potential negative impact this provision could have on the cash flow for small firms who perform federal contracts. The Committee will review whether this could hinder the competitiveness of small businesses.

H. Retirement and Pension Benefits. The Committee will analyze tax code restructuring to enhance the ability of small businesses to offer retirement benefits through lowering their costs. Any such restructuring also will examine mechanisms to maximize employee enrollment. In performing this assessment, the Committee necessarily will investigate why such plans are outdated given current economic conditions, the morass of regulatory red-tape that prevents nearly 70 percent of small businesses from offering retirement plans. The Committee will explore what can be done to minimize the impact of burdensome pension plans and regulations so that small businesses can find and retain quality employees.

### *X. Technology and innovation*

A. Broadband Deployment. The Committee will assess the impact and conduct oversight of proposals to spur broadband deployment. This will include a review of the benefit from efforts to expand access to broadband services. The Committee will review the concerns of rural areas that are “underserved” in terms of broadband coverage. It will examine the issue of how increased broadband speed affects the potential for further economic growth.

B. Immediate Job Creation with Broadband Deployment. The Committee will investigate and oversee efforts to use public funds to encourage broadband deployment as an economic stimulus. This will include an assessment of the potential for immediate job creation with small telecommunications companies. In addition, the Committee will review how rapid deployment spurs growth.

C. Universal Service Fund. The Committee will investigate the economic benefits of increasing the speed of broadband and proposals for reform of the Universal Service Fund. The Committee will assess whether such action could increase costs borne by providers or consumers.

D. Broadband Adoption. The Committee will investigate the benefits of increasing the affordability of high-speed access to the Internet. The Committee will consider an array of potential government-led incentives designed to encourage consumers, including small firms, to adopt broadband services.

E. Openness and Networks. The Committee will seek to ensure that small firms, including device manufactures, software application providers and online service providers, have open access to the public and private networks of the Internet. The Committee will also examine proposals that limit the necessary network management that helps ensure that all consumers, including small businesses, benefit from high-speed Internet access.

F. Patent Reform. The Committee will examine the cost and benefits of proposed reforms to the U.S. patent system. In particular, the Committee will seek to evaluate the effect of patent reform legislation on the small businesses that apply for, receive and enforce patents. It will also assess the impact of reforms on those small companies that manufacture innovative products, license patented technologies, and defend themselves in alleged patent infringement cases.

G. Cybersecurity. The Committee will monitor any efforts to create onerous or questionable cybersecurity mandates on private industry in an attempt to monitor and protect the Internet. The Committee will ensure that the concerns of small firms are raised. It will also assess the current government-wide National Cybersecurity Initiative to ensure small technology firms have adequate contracting opportunities.

H. Online Advertising. The Committee will examine the increasing importance of online marketing strategies to many successful small businesses and the concerns some have raised about consumer privacy. The Committee will also consider challenges some small firms have driving traffic to their website and converting online advertising into sales.

I. Proposed Changes to Internet Domains. The Committee will investigate a proposal by the Internet Corporation for Assigned

Names and Numbers (ICANN) to introduce new generic top-level domains (gTLDs). The proposed change is likely to compel many small businesses to invest in defensive domain registrations but may also provide new opportunities for some small firms. ICANN is expected to release the final gTLD in 2009 and the Committee will consider the costs and benefits of the proposal.

J. Small Business Adoption of New Technology Tools. The Committee will examine the success with which small firms are utilizing new technologies and services (including social networking, so-called “cloud computing” services) to make their companies more efficient and competitive. The Committee will consider the challenges some small businesses face with respect to the effective adoption of these technologies and services.

#### *XI. Transportation and infrastructure*

A. The Committee will conduct oversight hearings on the impact of transportation and infrastructure legislation and associated project funding on small businesses. This will include examining how small contractors are utilized in these projects, as well as the impact on local businesses that are dependent on transportation networks.

#### *XII. Veteran’s entrepreneurship*

A. Customized Assistance. The Committee will hold hearings to ensure federal entrepreneurial and capital assistance programs accommodate the growing veteran population. This will include evaluating the programs to ensure that services address the specialized needs of current veterans, including service disabled, women, and Reservists/Guardsman.

B. Federal Veteran Procurement Policy. The Committee will review federal actions to assist veteran entrepreneurs and ensure that they are consistent with federal small business policy. This will include a review of regulations establishing agency-specific veteran contracting initiatives.

C. Program Performance. The Committee will examine the effectiveness of federal programs that seek to improve veterans’ access to markets and training by monitoring the output of veterans receiving entrepreneurial assistance. The Committee also will work with Executive Branch officials to ensure veterans have improved access to local business development facilities.

D. Transition Services. The Committee will identify current transition assistance needs of separating service members and those experiencing ongoing deployments, such as Reservists, to help them apply skills gained in the service to the private sector. This will include working with administration officials to ensure that federal agencies, including, but not limited to, the SBA, and the Departments of Defense and Veterans Affairs, prepare service members with resources to initiate entrepreneurial enterprises upon separation from the military.

E. Federal Coordination and Centralization. The Committee will examine whether the federal government is sufficiently coordinating activities and allocating resources appropriately with regard to veteran entrepreneurship activities and initiatives. In addition, the Committee will investigate whether a government-wide office

should be established to better facilitate the provision of services to veteran entrepreneurs.

### *XIII. Workforce issues*

A. Green Jobs. As small firms combat climate change by implementing renewable energy strategies from wind, solar, and geothermal to the development of more energy efficient heating systems, the Committee will have the opportunity to consider and evaluate green jobs and public policies that affect potential growth. The Committee also will evaluate needs for more workforce training.

B. Technology Workforce. The Committee will investigate the impact of government programs and initiatives on small technology companies' ability to hire and retain the scientists, researchers and engineers these companies need to succeed. The Committee will examine the efficacy of public-private partnerships aimed at strengthening education and training for American students and workers in subjects related to science, technology, engineering and math and will consider mechanisms that increase small firm participation in such initiatives. The Committee also will investigate the potential benefits to small firms associated with increasing the annual cap on H-1B visas, reforming the process by which employment visas are awarded, and permitting the recapture of used green cards.

C. Visa System. The Committee will assess whether the existing visa system is meeting the workforce needs of small firms, and how it is affecting their ability to compete in a global marketplace. The Committee will examine suggestions to improve the visa system that benefits small firms.



## PART B

### IMPLEMENTATION OF THE OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED ELEVENTH CONGRESS

#### *I. Oversight of the Small Business Administration*

##### *A. Agency management*

The Committee conducted an aggressive oversight agenda during the 111th Congress. The Committee held ten oversight hearings of the SBA and its programs. During this Congress, the Committee has reviewed the SBA's activities in its three core operational areas: access to capital, entrepreneurial development, and contracting. In addition, the Committee held hearings regarding the Disaster Program and the Small Business Innovation Research (SBIR) Program, two significant initiatives administered by the agency. Three hearings were held to assess Government Accountability Office (GAO) reports requested by the Committee and one hearing was conducted to examine an SBA Inspector General investigation. These Committee oversight hearings included:<sup>7</sup>

- The State of SBA's Entrepreneurial Development Programs and Their Role in Promoting Economic Recovery (Oversight of the SBA's Entrepreneurial Development Programs), February 11, 2009
- GAO Investigation of the SBA's HUBZone Contracting Program, March 25, 2009
- The Importance of Technology in an Economic Recovery (Oversight of the SBA's Small Business Innovation Research Program), April 22, 2009
- Laying the Groundwork for Economic Recovery: Expanding Small Business Access to Capital (Oversight of the SBA's Lending and Investment Programs), June 10, 2009
- GAO Investigation on the SBA's Disaster Program, July 29, 2009
- GAO Investigation of the SBA's Service-Disabled Veteran-Owned Small Business Contracting Program, November 18, 2009
- Small Business Participation in the Federal Procurement Marketplace (Oversight of the SBA's Contracting Programs), March 24, 2010
- SBA Inspector General Investigation of the SBA's 504/CDC Program, April 21, 2010
- Improving Contracting Opportunities and Preventing Fraud for Service-Disabled Veteran-Owned Small Businesses, July 15, 2010
- GAO Fraud Investigation: Undercover Tests Show HUBZone Program Remains Vulnerable to Fraud and Abuse, July 28, 2010

The Committee also continued to oversee the management of the SBA through the consideration of the agency's FY 2010 and FY

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<sup>7</sup>All of Committee's SBA-related oversight hearings have been held at the full committee level.

2011 budget proposals. The Committee approved views and estimates on the SBA's budget for each of these fiscal years, which included associated meetings and interviews with agency personnel and analysis of the SBA's managerial operations. On March 11, 2009 the Committee on Small Business marked up the FY 2010 Budget Views and Estimates. On March 4, 2010 the Committee marked up the FY 2011 Budget Views and Estimates.

### *B. Lending programs*

The Committee held six hearings that focused on the SBA's 7(a), Certified Development Company, and Microloan programs, culminating in the introduction and passage of three pieces of legislation, H.R. 3723, H.R. 3737, and H.R. 3739, which were ultimately incorporated into H.R. 3854, reported out of Committee, and passed by the House.

On March 26, 2009, the Small Business Committee, Subcommittee on Oversight and Investigations held a hearing to examine issues related to investment in small businesses, with particular emphasis on how prevailing economic conditions have affected investment in small firms. Witnesses in this hearing explained how the current recession has aggravated the need for investment funds, particularly for equity investing in small firms, and how new federal initiatives could allay those needs. Additionally, this hearing explored numerous setbacks to the SBA's investment programs that had dramatically reduced the amount of investment in early stage and startup businesses and had inhibited the flow of venture capital to small businesses in general.

The full Committee subsequently held a hearing on June 10, 2009, to examine the challenges facing the full array of the SBA's capital access programs. The Committee received testimony on issues facing the 7(a), Certified Development Company (CDC), and 7(m)/Microloan programs. Witnesses at this hearing discussed various deficiencies affecting the efficacy of these programs and proposed steps that could be taken to better meet the SBA's capital access mission.

On July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee.

The Committee held a hearing on October 14, 2009, to review proposed legislation to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing expressed their support for several legislative proposals to reform the SBA's existing programs and establish new programs that will help close the gap for equity investment.

Throughout the 111th Congress, the Committee conducted vigorous oversight to ensure the SBA swiftly and correctly implemented provisions from H.R. 1, the "American Recovery and Reinvestment Act," that related to small business access to capital. Via hearings, meetings with SBA staff and Congressional correspondence the Committee pressed to see the statute properly applied, so as to best meet entrepreneurs' financing needs.

### *C. Investment programs*

The Committee conducted several hearings on the SBA's investment programs, culminating in the introduction and passage of H.R. 3854, which modernized the SBA's investment programs.

The Small Business Committee, Subcommittee on Oversight and Investigations held a hearing on March 26, 2009 to examine issues related to investment in small businesses. Witnesses in this hearing explained how the current recession has aggravated the need for investment funds, particularly for equity investing in small firms, and how new federal initiatives could allay those needs. Additionally, this hearing explored numerous setbacks to the SBA's investment programs that had dramatically reduced the amount of investment in early stage and startup businesses and had inhibited the flow of venture capital to small businesses in general.

The Committee held a hearing on June 10th, 2009, to examine the challenges facing the full array of the SBA's capital access programs. The Committee received testimony on issues facing the Small Business Investment Company (SBIC), New Markets Venture Capital (NMVC), and Renewable Fuels Capital Investment (RFCI) Company programs.

On Thursday, July 23, 2009 the Small Business Committee, Subcommittee on Finance and Tax held a hearing to examine proposed legislative initiatives to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing discussed several legislative proposals that would make a number of important reforms to the SBA's existing programs and establish new programs that will help close the gap for equity investment that was left when the SBA's investing programs were curtailed.

On October 14, 2009, the Committee held a hearing to review proposed legislation to address deficiencies in the SBA's lending and investment programs that had been identified by previous hearings before the Committee. Witnesses at this hearing expressed their support for several legislative proposals to reform the SBA's existing programs to help close the gap for equity investment.

### *D. Disaster programs*

The Committee conducted oversight of SBA's Disaster program during the 111th Congress. On July 29, 2009, the Committee held an agency oversight hearing that focused on a GAO examination of the SBA's Disaster program. This hearing reviewed the agency's progress in making improvements post-Katrina and made recommendations for improvements.

In addition, the Committee authored, considered, and passed legislation to improve the Disaster program. This legislation, H.R. 3743, passed the House on November 6, 2009.

### *E. Entrepreneurial development programs*

The Committee continued to monitor and update SBA Entrepreneurial Development (ED) programs to ensure the agency's technical assistance and training resources meet the needs of small business owners, particularly as they address challenges in the current economic climate. The Committee evaluated the agency's core

ED programs, including Small Business Development Centers, Women's Business Centers, SCORE, as well as Native American and Veterans Outreach assistance, in terms of service gaps, resource needs, and policy recommendations. New initiatives were also considered to expand the business assistance resources available to current entrepreneurs.

To assess the ED programs assistance to small business during the economic downturn and identify new business development needs, the Committee on Small Business held a hearing entitled "The State of SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery" on February 11, 2009. The overall effectiveness of the agency's business management and training services were evaluated as well as the capacity of these initiatives to spur growth in the nation's economy. The Committee received testimony from SBA ED program administrators, including representatives of the Associations of Small Business Development Centers and Women's Business Centers, regarding institutional and resource needs to operate these services as demand for assistance increases.

Proposed legislative updates to SBA's ED programs were evaluated by the Subcommittee on Rural and Urban Entrepreneurship on April 2, 2009, in a hearing entitled "Legislative Proposals to Strengthen SBA's Entrepreneurial Development Programs." Program administrators and small business representatives assessed the quality of services to be established through the bill available to firms through an expansion of resources and policy modifications to the programs.

Updates to the bill were incorporated in bill, H.R. 1803, "Veterans Business Center Act of 2009, which expands the agency's ED resources for veteran entrepreneurs. The House approved the bill on July 28, 2009 by voice vote. The legislation was sponsored by the Chairman of the Subcommittee on Contracting and Technology, Committee on Small Business, Representative Nye.

Legislation to establish distance learning ED resources for small businesses across the country, H.R. 1807, "Educating Entrepreneurs through Today's Technology Act," was approved by the House on July 28, 2009 by voice vote. The bill was sponsored by Rep. Glenn Thompson.

The Committee evaluated comprehensive legislation to reauthorize SBA's ED programs on May 6, 2009. Small business representatives highlighted the critical gaps in the agency's business assistance services that the proposed legislation addressed.

On May 20, 2009, the House of Representatives voted in support of H.R. 2352, "The Job Creation Through Entrepreneurship Act of 2009," by 406–15 which comprehensively reauthorized and updated SBA's ED programs. The bill was sponsored by the Chairman of the Subcommittee on Rural and Urban Entrepreneurship, Committee on Small Business, Representative Shuler.

#### *F. Government contracting and business development programs*

The Committee conducted regular oversight through hearings on SBA's contracting programs, which reviewed the challenges that small firms face in making use of these initiatives. In particular,

the Committee focused on fraud in the SBA's HUBZone and Service-Disabled Veteran-Owned Small Business (SDVOSB) contracting programs.

This included hearings on a GAO Investigation of the SBA's HUBZone Contracting Program on March 25, 2009 and a GAO Investigation of the SBA's Service-Disabled Veteran-Owned Small Business Contracting Program on November 18, 2009. These hearings demonstrated that these programs were susceptible to fraud and that the SBA needs to take immediate corrective action. Additional hearing pertaining to the SDVOSB program were conducted on May 24, 2010 and July 15, 2010 and pertaining to the HUBZone program on July 28, 2010.

In addition, the Committee conducted a hearing that examined small business procurement issues, including the performance of SBA's contracting programs. This hearing, entitled Small Business Participation in the Federal Procurement Marketplace, occurred on March 24, 2010.

#### *G. Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs*

The Committee on Small Business undertook a comprehensive reauthorization effort of the SBIR and STTR programs during the 111th Congress. This included oversight and legislative hearings, meetings with key stakeholders, and consideration of reauthorization legislation in both the Committee and on the House floor.

In the 111th Congress, the Committee on Small Business convened a hearing on April 22, 2009 to explore the numerous contributions that the SBIR program makes to national security priorities, health technology, economic development objectives and America's international economic competitiveness. On June 4, 2009, the Committee on Small Business, Subcommittee on Contracting and Technology held a hearing to review proposed legislation, which would become H.R. 2965 and would reauthorize the SBIR program. A further hearing on H.R. 2965 was held at the full Committee on June 17, 2009. Witnesses testified on the legislation's broad benefits to small businesses and American innovation. Ultimately, the legislation was considered and passed the House by a vote of 386 yeas and 41 nays.

#### *H. Office of Advocacy*

The Committee conducted oversight of the Office of Advocacy through the annual budget process. The Committee made recommendations concerning the Office of Advocacy's budget and raised concerns that the administration had not yet confirmed a Chief Counsel, which was addressed through a recent recess appointment of Winslow Sargeant in August 2010.

#### *I. Veterans Corporation*

The Committee continued to monitor the performance of the National Veterans Business Development Corporation (NVBDC) and to work to improve the services delivered through the organization to veteran entrepreneurs. The Committee worked to shift the administration of the NVBDC's Veterans Business Outreach Centers to the Small Business Administration. The shift was conducted to

enhance the effectiveness of these outreach facilities and increase the efficiency of resources allocated to assist veteran entrepreneurs.

## *II. Agriculture*

The Committee conducted regular oversight of agricultural issues that affect small businesses and family farmers. On July 22, 2009 the Committee held a hearing entitled “Meeting the Needs of Small Businesses and Family Farmers in Regulating our Nation’s Waters.” The nation’s waterways play a critical role in all acts of commerce, especially when it comes to small businesses and agriculture. The Committee took the opportunity to evaluate the regulatory framework for our nation’s waters and the concerns of small business and family farmers. The Committee heard from farmers and small businesses on ways to ensure that the federal regulation of waterways meets the needs of our environment and economy.

On Thursday, July 30, 2009 the Subcommittee on Rural Development, Entrepreneurship and Trade, held a hearing entitled, “The Future of Specialty Crops for Small Family Farmers.” This forum provided a discussion of the current Farm Bill programs, and how they will apply to fresh fruits and vegetables. It enabled the Subcommittee to consider policies that will further develop the industry’s future during these times of uncertainty. This Subcommittee was also able to hear testimony from producers about how production will continue to provide small businesses with a future in this industry, even during a period of economic instability.

The Committee also held several hearings on biofuels during the 111th Congress. On March 4, 2009 held a hearing entitled, “The State of the Renewable Fuels Industry in the Current Economy.” The hearing focused on access to capital issues, the effect of volatile energy prices, and how the overall downturn is affecting the renewable fuels industry. This forum also examined current policies promoting renewable and next generation fuels, including those in the 2008 Farm Bill. It enabled the Committee to consider future policies that will further develop the industry’s future during these times of uncertainty. The Committee heard testimony from small renewable fuels producers and related industries on how they are adjusting during a period of economic instability.

On May 21, 2009 the Subcommittee on Regulations and Healthcare held a hearing on outstanding regulatory issues impacting the domestic biofuels industry. The Subcommittee heard testimony from witnesses who discussed pending renewable fuel regulations and the regulatory framework affecting the biofuels and related agriculture industries. This forum examined the implementation of programs in the 2007 Energy Bill as well as the 2008 Farm Bill.

In addition to hearings, the Committee conducted oversight of biofuels issues through the legislative process. H.R. 3854 also amended the SBA’s “Renewable Fuel Capital Investment Company” (RFCIC) program. This program authorizes the creation of new Renewable Fuel Capital Investment Companies (RFCICs), which issue SBA guaranteed debentures to invest in small businesses engaged in researching, manufacturing, developing, and bringing to market renewable energy sources. In particular, these

Companies place specific emphasis on businesses that produce biofuels.

The Committee examined the impact of climate change on small businesses. On April 29, 2009 the Committee on Small Business held a hearing entitled: "Climate Change Solutions for Small Businesses and Family Farmers." This forum was critical when the House considered energy and climate change legislation, as small businesses and family farmers will have a critical role in any policy solutions. The hearing examined the potential opportunities reforms can present and ensured the needs of small businesses are addressed in crafting measures. This forum led to the Chairwoman sending a letter outlining small business and agriculture issues that should be addressed during House consideration.

The hearing also offered an opportunity for panelists to discuss existing industry practices as well as policy solutions that can reduce greenhouse gas emissions while maintaining a strong economy.

### *III. Energy*

The Committee conducted oversight of the impact of energy prices on small businesses. On August 25, 2009, the Subcommittee on Investigations and Oversight held a field hearing in Tulsa, Oklahoma on the impact of national energy policy on small businesses. As Congress considered energy and climate change legislation, it was appropriate to convene this hearing to ensure that small businesses and family farmers would have a critical role in any policy solutions. The hearing examined the potential opportunities that potential reforms can present and ensured that the needs of small businesses were addressed in crafting measures. The Subcommittee heard testimony from local energy businesses.

### *IV. Financial services and credit availability*

The Committee undertook an extensive hearing agenda pertaining to small business credit availability, holding six hearings, including three field hearings. On March 26, 2009, the Small Business Committee, Subcommittee on Oversight and Investigations held a hearing to examine issues related to investment in small businesses, with particular emphasis on how prevailing economic conditions have affected investment in small firms. Witnesses in this hearing explained how the current recession has aggravated the need for investment funds, particularly for equity investing in small firms, and how new federal initiatives could allay those needs. The Committee held a hearing on June 10, 2009 to examine the challenges facing the full array of the SBA's capital access programs. Witnesses at this hearing discussed various deficiencies affecting the efficacy of these programs and proposed steps that could be taken to better meet the SBA's capital access mission.

The Committee continued to review trends and conditions in the credit markets. In a hearing held on October 7, 2009, the Committee examined how the decline of the housing market affected small firms' ability to grow, create jobs, and access capital. During this hearing, the Committee also reviewed conditions in the national credit markets as they related to small businesses in the home building and real estate industries.

The Committee conducted a series of field hearings that occurred across the country that examined credit conditions affecting small businesses. On May 17, 2010, the Subcommittee on Investigations and Oversight held a field hearing in Pittsburgh, Pennsylvania, entitled, "Access to Capital for Small Businesses." The purpose of the hearing was to examine the state of small business lending, with particular emphasis on the prevailing conditions in Western Pennsylvania. On April 19, 2010, the Subcommittee on Finance and Tax held a field hearing in Sarasota, Florida, entitled, "Access to Capital for Small Businesses." The purpose of the hearing was to investigate local commercial lending trends. Hearing witnesses included local business owners and lenders. On August 4, 2009, the Subcommittee on Finance and Tax held a field hearing in Salem, Oregon on expanding access to capital for entrepreneurs and spurring economic growth. The Subcommittee heard testimony from the SBA's Portland District Office, local businesses, and lenders.

In addition, on February 26, 2010, the Committee on Small Business and the Committee on Financial Services held a joint hearing entitled, "Condition of Small Business and Commercial Real Estate Lending in Local Markets." The purpose of this hearing was to examine the state of small business lending and the role that this activity would play in the economic recovery. Additionally, this hearing reviewed the current state and potential risks in the commercial real estate (CRE) sector and explored how it relates to the small business lending and real estate sectors. The hearing was comprised of three panels of witnesses, including small business representatives and CRE professionals; federal regulators and agency officials; and lenders and investment companies.

The Committee also looked at the impact of changes to the financial services regulatory structure on small firms. This hearing, which was held on September 23, 2009, examined how proposed changes to the structure and powers of federal financial services regulators would impact smaller firms.

#### *V. Health care*

The Committee conducted oversight of health care issues and their impact on small firms. In particular, the Committee examined health care proposals. On February 4, 2009, the House Committee on Small Business held a hearing entitled "Health Care Reform in a Struggling Economy: What's on the Horizon for Small Business?" The Committee discussed the challenge of offering health insurance coverage for small businesses. Particular attention was given to the leading health reform proposals under consideration by Congress, and the opportunities health reform may offer small firms and their workers. On March 18, 2009, the Committee held a hearing entitled "The President's Budget and Medicare: How Will Small Providers be Impacted?" The Committee examined Medicare policy within the President's budget outline for FY 2010. The purpose of the hearing was to consider the Administration's proposed changes to Medicare, and the implications it presents for small medical practices and medical facilities. On June 3, 2009, the Committee on Small Business held a hearing entitled "Common Ground: Finding Consensus on Health Reform, the Small Business Perspective." The Committee examined the health reform debate giving particular at-



tention to those issues impacting the small business community. Witnesses were asked to provide their views on health reform, and where they see opportunities for legislative consensus.

The Committee also examined the issues surrounding the adoption of Health Information Technology. On June 24, 2009, the Subcommittee on Regulations and Healthcare held a hearing entitled “Health IT Adoption and the New Challenges Faced by Solo and Small Group Healthcare Practices.” The Committee discussed the challenges solo and small group practices face in adopting health information technology (HIT). It also examined the implementation of policies in the American Recovery and Reinvestment Act of 2009 to promote Health IT adoption. Congresswoman Kathy Dahlkemper, Chair of the Subcommittee on Regulations and Healthcare, introduced H.R. 3014, the Health Information Technology Financing Act of 2009, a small business proposal designed to increase wider adoption of HIT by providers through the Small Business Administration. H.R. 3014 passed the House on November 18, 2009.

Oversight was also conducted regarding issues facing small medical practices and suppliers. On July 8, 2009, the Committee on Small Business held a hearing entitled “The Looming Challenge for Small Medical Practices: The Projected Physician Shortage and How Health Care Reforms Can Address the Problem.” The Committee discussed the issue of physician supply and the future of small medical practices. Specifically, witnesses offered their views regarding the projected physician workforce shortage, strategies to address the problem, and how current trends have influenced care in rural and underserved areas. On February 11, 2009, the Subcommittee on Rural Development, Entrepreneurship, and Trade held a hearing entitled “The Impact of Competitive Bidding on Small Businesses in the Durable Medical Equipment Community.” The hearing focused on the Centers for Medicare & Medicaid Services (CMS) final rule on competitive bidding for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS). Under the rule, DMEPOS companies are required to submit bids, allowing CMS to select suppliers based on cost and volume, or on potential savings. Witnesses raised concerns about the bidding process suggesting implementation of the program could lead to access and quality problems.

The Committee also considered the impact of H1N1 Influenza on small health care providers. On September 9, 2009, the Committee on Small Business held a hearing entitled “The Challenges of the 2009–H1N1 Influenza and its Potential Impact on Small Businesses and Healthcare Providers.” The hearing examined (1) the preparation of small business for H1N1 Influenza, (2) the financial impact a pandemic would have on small business, (3) the stress the 2009–H1N1 outbreak could place on small medical practices, and (4) the response of the federal government.

## *VI. International trade*

The Committee continued to monitor international trade policies and programs impacting small businesses. Discussions were held with Federal trade policy makers, including Administrators of the Office of the U.S. Trade Representative, the Department of Com-

merce, and the Small Business Administration to ensure the promotion of small business interests during the negotiation and enforcement of trade agreements and the development of domestic trade policies that support small businesses' competitiveness in the globalized marketplace.

The Committee continued to work with administrators of federal technical and financial assistance programs, including officials from the Department of Commerce and the Small Business Administration, to ensure small firms participating in the international marketplace have access to resources to adjust to challenging business conditions impacting their ability to spur employment and economic growth. To evaluate the job creation role of small business-dominated industries integrated into the global economy, the Committee held a hearing entitled, "The Role of Small Business Suppliers and Manufacturers in the Domestic Auto Industry" on May 13, 2009. The hearing examined the implications of the current economic conditions upon the domestic automobile industry's capacity to sustain small firms and their continued expansion and workforce investments.

The Committee continued to monitor programs and their resources developed to promote small businesses' competitiveness in and access to the global marketplace. Discussions were held with Administration officials and business groups to identify appropriate services to meet export assistance needs. Meetings were held with Export-Import Bank officials to evaluate the effectiveness of programs designed to increase lending resources for small business overseas transactions and with Small Business Administration officials to address gaps in that agency's financial and technical assistance resources. To reduce gaps in technical and financial assistance programs established for small firms engaged in international trade, the Committee held a hearing entitled "Evaluating the Impact of Small Business Trade Policy on Job Creation and Economic Growth." The Committee received testimony from small firms from various sectors to identify the tools and assistance necessary to profitably pursue a global business strategy.

The Committee continued to work with federal trade regulation administrators regarding the development and enforcement of rules impacting small businesses involved in international trade transactions. The Committee met with officials of the Office of the U.S. Trade Representative to ensure the international agreements included regulations customized to the needs of small firms, particularly regarding physical presence requirements and trade enforcement procedures. The Committee also met with business industry representatives to evaluate efforts to reduce the burden of regulations upon international transactions. To examine the challenges small firms face from illegally trafficked products, the Committee held a hearing on June 18, 2009 entitled "Textile Import Enforcement: Is the Playing Field Level for American Small Businesses?" The Committee received testimony from U.S. government trade officials and small businesses in the textile industry to examine whether enforcement of textile laws is adequate.

The Committee continued to monitor the qualitative and quantitative data collected to measure trends in small business trade transactions and the level of federal assistance to promote these ac-

tivities. The Committee met with officials from the U.S. Export-Import Bank and the Small Business Administration to evaluate the agencies' efforts to track the level of service and impact from these programs upon small firms.

#### *VII. Procurement*

The Committee conducted oversight of federal procurement matters pertaining to small businesses. On March 24, 2010, the Committee on Small Business held a hearing on issues related to small business procurement. The focus of the hearing was on small businesses' participation in the federal procurement marketplace and what steps should be taken to modernize the government's efforts in this area. The Committee examined several issues, including the potential for small business reforms to the Federal Acquisition Regulation (FAR) and the GSA schedule, the need to expand small firms' access to multiple award and multiple agency contracts, the adequacy of the acquisition workforce and contract bundling. Witnesses represented small businesses from a wide range of industries and demographics including veterans, women, aerospace, engineering, and consulting.

In addition, the Committee conducted oversight of federal procurement practices related to the American Recovery and Reinvestment Act (ARRA). The Subcommittee on Contracting and Technology held a hearing entitled "Ensuring Stimulus Contracts for Small and Veteran-Owned Businesses" on March 12, 2009. This hearing reviewed federal agencies' efforts to provide small businesses and veteran-owned small businesses with contracting opportunities contained in ARRA. The Committee examined federal actions to date, as well as recommendations for ensuring small business participation in ARRA-related infrastructure projects. The Committee considered these efforts in the context of small business procurement law, including the applicability of subcontracting requirements, protections under the Federal Acquisition Regulation (FAR), and the application of federal small business goals.

#### *VIII. Regulations*

The Committee convened hearings pertaining to federal regulations' impact on small firms. On May 14, 2009, the Subcommittee on Investigations and Oversight held a hearing entitled "The Consumer Product Safety Improvement Act and Small Business." The Acting Chairman of the Consumer Product Safety Commission, Nancy Nord, delivered testimony. The Subcommittee heard testimony from small business manufacturers of children's products. The small firms discussed the challenges they face in complying with the Consumer Product Safety Improvement Act. The Subcommittee explored how the CPSC can minimize related regulatory burdens on small businesses.

On March 11, 2009, the Subcommittee on Regulations and Healthcare held a hearing entitled, "Impact of Food Recalls on Small Businesses." The Food and Drug Administration and U.S. Department of Agriculture testified on how their agencies responded to a rash of food recalls occurring in the months before the hearing, and how they work with small businesses during recalls. Representatives of small firms discussed the severe economic im-

pact that food recalls have on their businesses, and what should be done to reduce the incidence of such recalls.

In addition, the Committee sent several letters to the administration concerning regulatory matters. On April 8, 2009, the Chairwoman submitted a letter to the Chairman of the Federal Trade Commission regarding the Commission's lack of compliance with the Regulatory Flexibility Act on the final rule implementing provisions of the Fair and Accurate Credit Transactions Act of 2003 pertaining to identity theft "red flags" (72 Fed. Reg. 63718). On May 1, 2009, the Chairwoman sent a letter to the Director of the Office of Management and Budget urging him to strengthen the voice of small businesses in the Federal rulemaking process in his recommendations to the President for a new executive order on Federal regulatory review.

#### *IX. Taxation issues*

The Committee held a wide range of hearings on tax matters pertaining to small businesses. This included several forums on the IRS and its impact on small firms. On April 1, 2009, the Commissioner of the IRS, Douglas Shulman, testified before the Committee on a wide range of small business tax issues. The hearing explored the IRS's efforts to make it as easy possible for small businesses to comply with the tax code and also how the IRS plans outreach to small businesses so that the IRS can understand the needs and concerns of small businesses. After the hearing, the Committee sent a letter to the IRS detailing small business concerns and the Commissioner responded via letter and assured the Committee it will work closely with the Chair regarding all small business tax issues.

A follow-up hearing was conducted on April 14, 2010, when the Committee held a hearing entitled "Entrepreneurs and Tax Day: How the IRS Policies and Procedures Impact Small Businesses." The Committee discussed the Internal Revenue Service's relationship with small businesses and the agency's efforts to simplify the tax code for small businesses. The hearing explored the administrative burdens for small businesses regarding tax compliance and examinations while examining strategies the IRS could implement to aide small businesses. The hearing also assessed small business outreach programs within the IRS, paying special attention to the agency's response to tax law changes created by the Recovery Act. Specifically, the hearing focused on staffing and procedures the IRS utilized to ensure effective administration of the Recovery Act. Committee Members also evaluated how the National Research Program on Employment Taxes will impact small businesses and steps the IRS will take to reduce the administrative burdens associated with the study.

In addition, on May 7, 2009, the Subcommittee on Finance and Tax held a hearing highlighting the growing complexity of the Internal Revenue Code and the impediments this creates for small businesses. The hearing focused on ways to simplify the tax code, make it more efficient, and less burdensome to comply with. Shortly after the hearing, Congressman Schrader introduced a tax simplification bill that created a standard deduction for those operating a business out of their homes.

The Committee held several hearings pertaining to tax incentives to promote small business expansion. On July 15, 2009, the Committee held a hearing analyzing the tax provisions contained in the stimulus package that benefitted small businesses during the recession and what more needs to take place to revive our economy. Realizing the economic situation our country was facing early in the year, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) to jumpstart the economy. ARRA contained a variety of tax rebates, credits, deductions, and other incentives directly targeted at small businesses. The hearing focused on whether small businesses had utilized these provisions.

The Committee held a hearing on September 30, 2009 examining tax provisions that are due to expire at the end of the year and their importance to small businesses. Commonly known as “tax extenders”, Congress on an annual or bi-annual basis extends certain tax provisions that encourage business investment, and promotes consumer spending. The hearing took on increased importance since the economy had recently shown signs of improvement. The witnesses stressed that to sustain that economic momentum, Congress should extend these important tax provisions.

On May 5, 2010, the Committee held a hearing to examine tax policies that support small business growth and job creation. In particular, the Committee focused on expiring tax incentives created or extended by the Recovery Act, such as favorable depreciation and expensing schedules and energy tax credits. The hearing also examined proposed tax incentives, such as increasing and expanding tax rules related to expensing, business start up costs and deductions for meals and entertainment. The purpose of the hearing was to discuss the impact tax incentives have on small business job creation and growth.

The Committee also looked at specific policies that promote small business growth. On July 14, 2010, the House Committee on Small Business held a hearing entitled “Bonus Depreciation: What it Means for Small Business.” The hearing focused on bonus depreciation and evaluated how it benefits small businesses. Bonus depreciation offers flexibility and increased cash flow to businesses by providing a 50 percent immediate deduction on the cost of new property. The hearing gave members of the Committee the opportunity to evaluate the effectiveness of bonus depreciation in small business investments and assess how the secondary effect of increased demand benefits the overall economy.

In addition to bonus depreciation, the Committee reviewed the research and development tax credit. On July 9, 2009, the Subcommittee on Contracting and Technology held a hearing on the research and development tax credit and the role it plays in innovation and growth for America’s small businesses. The witnesses detailed that the research and development tax credit is vital for American companies looking to stay ahead in increasingly global economy. They emphasized that capital and research lead to new inventions, product, and ultimately jobs. However, since capital and research can take place almost anywhere in the world, it is important for the U.S. economy to keep pace with the rest of the world changes need to be made. The panel argued that the credit needs to be made a permanent part of the tax code so that firms

can rely on the incentive when planning their research budgets. Additionally, the witnesses noted that the complexity of the provision needs to be reduced so that more and more small businesses can take advantage of the credit.

Another specific tax policy the Committee examined was the first time home buyer tax credit. On October 7, 2009, the Committee held a hearing entitled “The State of the Nation’s Housing Sector: An Examination of the First Time Buyer’s Credit and Future Policies to Sustain a Recovery.” The Committee examined the current state of the nation’s housing sector and the millions of small businesses who operate in it. The hearing assessed the impact of the first-time homebuyer tax credit and federal policies affecting the real estate industry.

The Committee also considered the impact of the estate tax on small firms. On November 4, 2009, the Committee held a hearing regarding this issue. The hearing highlighted the concerns small businesses have with the uncertainty surrounding the estate tax regime. The witnesses detailed how the complexity and uncertainty surrounding the estate has increased operational costs for their respective businesses and made planning nearly impossible. Further, the witnesses detailed that the estate tax is especially burdensome for capital intensive businesses such as family farms and those in the printing industries.

#### *X. Technology and innovation*

The Committee conducted oversight of technology policy issues and their impact on small firms. On October 28, 2009, the Committee held a hearing entitled “The Recovery Act and Broadband: Evaluation of Broadband Investments on Small Businesses and Job Creation.” The Committee heard testimony from government and industry representatives on steps to advance broadband deployment and adoption through American Recovery and Reinvestment Act of 2009 (ARRA) programs. Through this hearing, the Committee examined the impact on small firms and the importance of these programs in job creation.

On May 12, 2010, the Committee held a hearing entitled “Small Businesses and Broadband: An Engine for Economic Growth and Job Creation.” The hearing examined the transformative effect that innovative broadband applications and services have on small businesses. During this hearing, the Committee heard from small businesses on how broadband is helping to expand their business, grow the economy and create new jobs.

On July 21, 2010, the Committee held a hearing entitled “The Impact of Intellectual Property on Entrepreneurship and Job Creation.” The hearing examined the importance of intellectual property to the growth of small businesses and the broader economy. Witnesses shared their perspective on the steps needed to support job creation and the long-term health of small businesses in IP-intensive industries.

#### *XI. Transportation and infrastructure*

The Committee conducted oversight of transportation issues and their impact on small firms. The Subcommittee on Investigations and Oversight, on July 16, 2009, held a hearing entitled “The Up-

coming Highway Bill and Ensuring It Meets the Needs of Small Business.” The hearing examined how highway funding impacts small firms; how small contractors are utilized in highway projects; and, the impact of transportation networks on small businesses.

#### *XII. Veteran’s entrepreneurship*

The Committee worked to expand veteran entrepreneurial assistance. Specifically, the Committee considered the emerging business assistance needs of these entrepreneurs, including service disabled, women, and Reservist members. To evaluate the usefulness of current entrepreneurial development resources for veterans, the Committee held a hearing on February 11, 2009 which examined the SBA’s assistance programs, including their effectiveness serving the expanding small business population. Testimony was provided by small business representatives providing recommendations for increasing training and technical assistance tools while ensuring they are appropriate for all entrepreneurs.

The Committee identified additional federal efforts to expand veterans’ opportunities in the federal marketplace and endeavored to make sure that these entrepreneurs are able to compete for their fair share of federal contracts. The Committee held a hearing on March 12, 2009, which focused on veteran owned business and service disabled veteran owned business participation in federal contracting in general and stimulus contracting in particular. Representatives of the Department of Veterans Affairs, the Small Business Administration, the Department of Defense, the Department of Transportation and the Department of Energy as well as veteran and service disabled business owners testified. The purpose of the hearing was to ensure that the agencies improve their efforts to use and meet Service Disabled Veteran-Owned Small Business (SDVOSB) and Veteran-Owned Small Business (VOSB) procurement goals.

The Committee continued to monitor the quality and level of services provided by Federal veteran entrepreneurial development programs. The Committee also considered ways to improve the effectiveness of the Small Business Administration’s veteran business assistance resources. Legislative proposals to enhance entrepreneurial development assistance, including for veteran small business owners, were considered at a hearing on April 2, 2009 by the Subcommittee on Rural and Urban Entrepreneurship. Legislation to expand the resources available for outreach and training to assist veteran entrepreneurs was developed through HR 1803, Veterans Business Center Act of 2009. The House approved the bill on July 28, 2009.

The Committee considered efforts to enhance tools for separating service members’ interested in transitioning to entrepreneurial enterprises. To provide active service members with comprehensive counseling services and training sessions, federal veteran assistance programs were expanded to this sector. A legislative initiative was established to improve entrepreneurial development resources for potential veteran entrepreneurs through the Military Entrepreneurship Program. The program was designed to provide business counseling and entrepreneurial development assistance to members of the Armed Forces and establishes a liaison to facilitate outreach

to these members. Additional legislative provisions were established to establish eligibility for Reservists and Guardsman for SBA's entrepreneurial development services as these members face ongoing military responsibilities while many attempt to maintain small businesses. The initiatives were incorporated into H.R. 2352, "the Job Creation through Entrepreneurship Act of 2009," which the House approved on May 21, 2009.

The Committee continued to consider approaches to increase the coordination of Federal veteran entrepreneurial assistance resources. The Committee helped to transfer the administration of the Veterans Business Outreach Centers from the National Veterans Business Development Corporation to the Small Business Administration in order to increase the efficient use of federal resources and centralize the administration of these outreach facilities. The Committee is working with the SBA to create an integrated network of assistance centers that will disseminate best practices and improve service delivery for veterans across the country who are seeking tools to grow their businesses.

### *XIII. Workforce issues*

The Committee convened several hearings that examined workforce issues and policies to promote job creation. On October 28, 2009, the Committee held a hearing entitled "The Recovery Act and Broadband: Evaluation of Broadband Investments on Small Businesses and Job Creation." The Committee heard testimony from government and industry representatives on steps to advance broadband deployment and adoption through American Recovery and Reinvestment Act of 2009 (ARRA) programs. Through this hearing, the Committee examined the impact on small firms and the importance of these programs in job creation.

On March 17, 2010, the Committee on Small Business held a hearing entitled "Business Incubators and Their Role in Job Creation." The purpose of the hearing was to evaluate the overall effectiveness of incubators in promoting employment growth within the current economic conditions. The hearing considered how these business development facilities and programs can contribute to an employment-focused economic recovery as well as current obstacles to their effectiveness.

On April 28, 2010, the Committee on Small Business held a hearing entitled "Evaluating the Impact of Small Business Trade Policy on Job Creation and Economic Growth." The purpose of the hearing was to examine the effect of international trade policies on small firms' ability to stimulate economic growth. The hearing considered the effectiveness of current trade promotion programs designed for small businesses as well as recommendations to ensure these resources contribute to an employment-focused recovery.



### **Hearings Held Pursuant to Clauses 2(n), (o), and (p) of House Rule XI**

The Committee held a hearing on March 25, 2009 to assess the extent of the fraud and management problems in the SBA's Historically Underutilized Business Zone Empowerment Contracting (HUBZone) program and whether or not the agency implemented GAO recommendations from 2008 regarding these problems. In addition, GAO reviewed its findings regarding the "credit elsewhere" requirement of the Small Business Administration's (SBA) 7(a) loan program. GAO's Managing Director of Forensic Audits and Special Investigations, Greg Kutz, testified on GAO's findings of the expanded fraud investigation the Committee requested in 2008. Bill Shear, Director of Financial Markets and Community Investment at GAO, provided a progress report on the recommendations GAO made in 2008 to strengthen the operation of the HUBZone program and also reviewed GAO's findings on the "credit elsewhere" standard as it is applied to 7(a) loans. The SBA testified about their progress in resolving problems uncovered in these programs.

On July 29, 2009, the Committee held a hearing to fulfill its mandate of performing Quarterly Congressional Oversight of the SBA. The purpose of the hearing was to review the SBA's progress in addressing identified deficiencies in its various programs. Specifically, this hearing focused on the SBA's progress in implementing legislative reforms to its Disaster Assistance program and the HUBZone program. The Committee received testimony from the SBA Administrator as well as from the Government Accountability Office.

The Committee on Small Business held a hearing on November 19, 2009 that focused on the SBA's operation of the Service-Disabled Veteran-Owned Small Business (SDVOSB) procurement program. Witnesses included SBA Administrator Karen Mills and Mr. Kutz, GAO's Managing Director of Special Investigations. GAO testified regarding SBA's fraud prevention controls for the SDVOSB program. It found that ten contracts were let to ineligible firms. GAO also determined that over \$100 million in sole source or restricted competition SDVOSB contracts and \$300 million in other contracts went to those 10 ineligible firms. GAO uncovered that one firm did not employ any service disabled veteran and, in four cases, found that SBA had previously found the firms ineligible after bid protests, but that the contracting agencies had allowed the contracts to proceed. The majority of the cases involved ineligible firms, including some large and one foreign-owned firm, which used an SDVOSB "front company" to "pass-through" the benefits of the contract.

On Wednesday April 21, 2010, the Committee held a hearing to fulfill its mandate of performing Quarterly Congressional Oversight

of the SBA. The purpose of the hearing was to receive the report of an audit conducted by the SBA's Office of the Inspector General to determine whether Certified Development Companies (CDCs) that participate in the Premier Certified Lender (PCL) loan program exercised prudent underwriting practices when making SBA loans and whether the compensation practices of CDC executives were excessive relative to the gross receipts of CDCs. The results of this report found widespread deficiencies within the PCL program and determined that in 4 out of 5 instances, PCLs were paying out excessive executive compensation. Witnesses at this hearing included the Administrator of the SBA and the SBA Inspector General.

On July 28, 2010, the Committee held a hearing to examine a recent Government Accountability Office (GAO) report on the Historically Underutilized Business Zone (HUBZone) Program, the agency's response to the BP Oil Spill, and progress made in implementing GAO's recommendations concerning the Service-Disabled Veteran-Owned Small Business program, and several other matters. The Committee heard testimony from the Karen Mills, Administrator of SBA and Greg Kutz, Managing Director of Forensic Audits and Special Investigations at GAO.

## **APPENDIX I—COMMITTEE LEGISLATION**

### **PART A—COMMITTEE REPORTS**

Reports filed by the Committee on Small Business with the House

111–112: To Accompany H.R. 2352, a bill to amend the Small Business Act, and for other purposes. May 15, 2009

111–190: To Accompany H.R. 2965, a bill to amend the Small Business Act with respect to the Small Business Innovation Research Program and the Small Business Technology Transfer Program, and for other purposes. June 26, 2009

111–315: To Accompany H.R. 3854, a bill to amend the Small Business Act and the Small Business Investment Act of 1958 to improve programs providing access to capital under such Acts, and for other purposes. October 26, 2009



## PART B—PUBLIC LAWS

This table lists measures that contained matters within the jurisdiction of the Committee on Small Business, which were enacted into law during the 111th Congress.

1. [111th] *H.R. 1*: American Recovery and Reinvestment Act of 2009

Sponsor: *Rep. Obey, David R.* [WI-7] (introduced 1/26/2009)

Latest Major Action: Became Public Law No: 111-5

2. [111th] *H.R. 1541*: To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Rep. Velázquez, Nydia M.* [D-NY-12] (introduced 3/17/2009)

Latest Major Action: Became Public Law No: 111-10

3. [111th] *S. 1513*: A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Sen. Landrieu, Mary L.* [LA] (introduced 7/24/2009)

Latest Major Action: Became Public Law No: 111-43

4. [111th] *H.R. 3614*: To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Rep. Velázquez, Nydia M.* [D-NY-12] (introduced 9/22/2009)

Latest Major Action: Became Public Law No: 111-66

5. [111th] *S. 1929*: A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Sen. Landrieu, Mary L.* [LA] (introduced 10/26/2009)

Latest Major Action: Became Public Law No: 111-89

6. [111th] *H.R. 4508*: To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Rep. Velázquez, Nydia M.* [D-NY-12] (introduced 1/26/2010)

Latest Major Action: Became Public Law No: 111-136

7. [111th] *H.R. 4691*: Temporary Extension Act of 2010

Sponsor: *Rep. Rangel, Charles B.* [D-NY-15] (introduced 2/25/2010)

Latest Major Action: Became Public Law No: 111-144

8. [111th] *H.R. 4938*: To permit the use of previously appropriated funds to extend the Small Business Loan Guarantee Program, and for other purposes.

Sponsor: *Rep. Serrano, Jose E.* [D-NY-16] (introduced 3/25/2010)

Latest Major Action: Became Public Law No: 111-150

9. [111th] *S. 3253*: A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Sen. Landrieu, Mary L.* [LA] (introduced 4/22/2010)

Latest Major Action: Became Public Law No: 111-162

10. [111th] *H.R. 5849*: To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Rep. Velázquez, Nydia M.* [D-NY-12] (introduced 7/26/2010)

Latest Major Action: Became Public Law No: 111-214

11. [111th] *H.R. 5297*: Small Business Jobs and Credit Act of 2010

Sponsor: *Rep. Frank, Barney* [MA-4] (introduced 5/13/2010)

Latest Major Action: Became Public Law No: 111-240

12. [111th] *S. 3839*: A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

Sponsor: *Sen. Landrieu, Mary L.* [D-LA] (introduced 9/24/2010)

Latest Major Action: Became Public Law No: 111-251

## **APPENDIX II—COMMITTEE PUBLICATIONS**

### **PART A—COMMITTEE HEARINGS**

#### *January 2009*

January 14, 2009

Full Committee meeting on: “The State of the Small Business Economy and Identifying Policies to Promote Economic Recovery”

January 28, 2009

Committee on Small Business Organizational Meeting

#### *February 2009*

February 4, 2009

Full Committee hearing on: “Health Care Reform in a Struggling Economy: What is in the Horizon for Small Business?”

February 11, 2009

Subcommittee on Rural Development, Entrepreneurship and Trade hearing on: “The Impact of Competitive Bidding on Small Businesses in the Durable Medical Equipment Community”

February 11, 2009

Full Committee hearing on: “The State of SBA’s Entrepreneurial Development Programs and Their Role in Promoting Economic Recovery”

February 25, 2009

Full Committee hearing on: “Drop in Retirement Savings: The Challenges Small Businesses Face Funding and Maintaining Retirement Plans in a Struggling Economy”

#### *March 2009*

March 4, 2009

Full Committee hearing on: “The State of the Renewable Fuels Industry in the Current Economy”

March 11, 2009

Subcommittee on Regulations and Healthcare hearing on: “Impact of Food Recalls on Small Businesses”

March 11, 2009

Full Committee Mark Up on Views and Estimates for SBA Budget FY 2010

March 12, 2009

Subcommittee on Contracting and Technology hearing on: “Ensuring Stimulus Contracts for Small and Veteran Owned Businesses”

March 18, 2009

Full Committee hearing on: “The President’s FY 2010 Budget and Medicare: How Will Small Providers Be Impacted?”

March 25, 2009

Full Committee hearing on: “Quarterly Congressional Mandated Oversight of the SBA”

March 26, 2009

Subcommittee on Investigations and Oversight hearing on: “Expanding Equity Investment in Small Businesses”

*April 2009*

April 1, 2009

Full Committee hearing on: “IRS Oversight: Are Tax Compliance Costs Slowing the Economy Recovery?”

April 2, 2009

Subcommittee on Rural Development, Entrepreneurship and Trade hearing on: “Legislative Initiatives to Modernize SBA’s Entrepreneurial Development Programs”

April 22, 2009

Full Committee hearing on: “The Importance of Technology in an Economic Recovery”

April 29, 2009

Full Committee hearing on: “Climate Change Solutions for Small Businesses and Family Farmers”

April 30, 2009

Subcommittee on Rural Development, Entrepreneurship and Trade Markup on ED Programs Legislations

*May 2009*

May 6, 2009

Full Committee hearing on: “Legislation to Reauthorize and Modernize SBA’s Entrepreneurial Development Programs”

May 7, 2009

Subcommittee on Finance and Tax hearing on: “How the Complexity of the Tax Code Hinders Small Businesses”

May 13, 2009

Full Committee hearing on: “The Role of Small Business Suppliers and Manufacturers in the Domestic Auto Industry”

May 13, 2009

Full Committee Markup of Entrepreneurial Development Programs’ Legislation

May 14, 2009

Subcommittee on Investigations and Oversight hearing on: “The Consumer Product Safety Improvement Act and Small Business”

May 20, 2009

Full Committee hearing on: “Heroes of Small Business”

May 21, 2009

Subcommittee on Regulations and Healthcare hearing on: “Impacts of Outstanding Regulatory Policy on Small Biofuels Producers and Family Farmers”

*June 2009*

June 3, 2009

Full Committee hearing on: “Common Ground: Finding Consensus on Health Reform, the Small Business Perspective”

June 4, 2009



Subcommittee on Contracting and Technology hearing on: “Legislative Initiatives to Strengthen and Modernize the SBIR and STTR Programs”

June 10, 2009

Full Committee hearing on: “Laying the Groundwork for Economic Recovery: Expanding Small Business Access to Capital”

June 11, 2009

Subcommittee on Contracting and Technology Markup on Legislations to Modernize the SBIR and STTR Programs

June 17, 2009

Full Committee hearing on: “Legislative Initiatives to Strengthen and Modernize the SBIR and STTR Programs”

June 18, 2009

Subcommittee on Rural Development, Entrepreneurship and Trade hearing on: “Textile Import Enforcement: Is the Playing Field Level for American Small Businesses?”

June 24, 2009

Subcommittee on Regulations and Healthcare hearing on: “Health Information Technology and Small Healthcare Practices”

June 25, 2005

Full Committee Markup on Legislations to Modernize the SBIR and STTR Programs

#### *July 2009*

July 8, 2009

Full Committee hearing on: “The Looming Challenge for Small Medical Practices: The Projected Physician Shortage and How Health Care Reforms Can Address the Problem”

July 9, 2009

Subcommittee on Contracting and Technology hearing on: “Helping Small Business Innovators through the Research and Experimentation Tax Credit”

July 15, 2009

Full Committee hearing on: “Economic Recovery: Tax Stimulus Items that Benefitted Small Business with a Look Ahead”

July 16, 2009

Subcommittee on Investigations and Oversight hearing on: “The Upcoming Highway Bill and Ensuring it Meets the Needs of Small Businesses”

July 22, 2009

Full Committee hearing on: “Meeting the Needs of Small Businesses and Family Farmers in Regulating Our Nation’s Waters”

July 23, 2009

Subcommittee on Finance and Tax hearing on “Legislative Proposals to Reform the SBA’s Capital Access Programs”

July 29, 2009

Full Committee hearing on: “Quarterly Congressional Mandated Oversight of the SBA”

July 30, 2009

Subcommittee on Rural Development, Entrepreneurship and Trade hearing on: “The Future of Specialty Crops for Small Family Farmers”

*August 2009*

August 4, 2009

Subcommittee on Finance and Tax field hearing in Salem, Oregon on: "Exploring Ways for Small Business Access to Capital"

August 25, 2009

Subcommittee on Investigations and Oversight field hearing in Tulsa, Oklahoma on: "The Impact of Energy Policy on Small Business"

*September 2009*

September 9, 2009

Full Committee hearing on: "The Challenges of the 2009-H1N1 Influenza and its Potential Impact on Small Businesses and Healthcare Providers"

September 16, 2009

Subcommittee on Rural Development, Entrepreneurship and Trade hearing on: "The Role of Auto Dealers on Rural Communities"

September 23, 2009

Full Committee hearing on: "The Impact of Financial Regulatory Restructuring on Small Businesses and Community Lenders"

September 24, 2009

Subcommittee on Contracting and Technology hearing on: "The Roles of Federal Labs in Spurring Innovation and Entrepreneurship Across the U.S."

September 30, 2009

Full Committee hearing on: "Expiring Tax Incentives: Examining their Importance for Small Businesses on the Road to an Economic Recovery"

*October 2009*

October 7, 2009

Full Committee hearing on: "The State of the Nation's Housing Sector: An Examination of the First Time's Buyers Credit and Future Policies to Sustain Recovery"

October 8, 2009

Subcommittee on Finance and Tax Markup on Access to Capital Legislation

October 14, 2009

Full Committee hearing on: "Increasing Access to Capital for Small Business"

October 21, 2009

Full Committee Markup on Access to Capital Legislation

October 28, 2009

Full Committee hearing on: "The Recovery Act and Broadband: Evaluating the Impact on Small Business"

*November 2009*

November 4, 2009

Full Committee hearing on: "Small Business and the Estate Tax: Identifying Reforms to Meet the Needs of Small Firms and Family Farmers"

November 19, 2009

Full Committee hearing on: “Quarterly Congressional Mandated Oversight of the SBA”

*February 2010*

February 26, 2010

Joint Small Business Committee and Financial Services Committee hearing on: “Condition of Small Business and Commercial Real Estate Lending in Local Markets”

*March 2010*

March 4, 2010

Full Committee Mark-Up on SBA’s FY 2011 Views and Estimates

March 17, 2010

Full Committee hearing on: “Business Incubators and Their Role in Job Creation”

March 24, 2010

Full Committee hearing on: “Small Business Participation in the Federal Procurement Marketplace”

*April 2010*

April 14, 2010

Full Committee hearing on: “Entrepreneurs and Tax Day: How the IRS Policies and Procedures Impact Small Businesses”

April 19, 2010

Subcommittee on Finance and Tax field hearing in Sarasota, Florida on: “Access to Capital for Small Businesses”

April 21, 2010

Full Committee hearing on: “Quarterly Congressional Mandated Oversight of the SBA”

April 28, 2010

Full Committee hearing on: “Evaluating the Impact of Trade Policy on Job Creation and Economic Growth”

*May 2010*

May 5, 2010

Full Committee hearing on: “Tax Initiatives that Promote Small Business Growth”

May 12, 2010

Full Committee hearing on: “Small Businesses and Broadband: An Engine for Economic Growth and Job Creation”

May 17, 2010

Subcommittee on Investigations and Oversight field hearing in Pittsburgh, Pennsylvania on: “Access to Capital for Small Businesses”

May 24, 2010

Subcommittee on Contracting and Technology field hearing in Norfolk, Virginia on: “Veteran Contracting—Preventing Fraud”

May 26, 2010

Full Committee hearing on: “Heroes of Small Business”

*June 2010*

June 30, 2010

Full Committee hearing on: "Recovery in the Gulf: What the \$20 Billion BP Claims Fund Means for Small Business"

*July 2010*

July 14, 2010

Full Committee hearing on: "Bonus Depreciation: What it Means for Small Business"

July 15, 2010

Subcommittee on Contracting and Technology hearing on: "Improving Contracting Opportunities and Preventing Fraud for Service-Disabled Veteran-Owned Small Businesses"

July 21, 2010

Full Committee hearing on: "The Impact of Intellectual Property on Entrepreneurship and Job Creation"

July 22, 2010

Subcommittee on Rural Development, Entrepreneurship and Trade hearing on: "Coal Combustion Byproducts: Potential Impacts of Hazardous Waste Designation on Small Businesses in the Recycling Industry"

July 28, 2010

Full Committee hearing on: "Quarterly Congressional Mandated Oversight of the SBA"

July 29, 2010

Subcommittee on Investigations and Oversight hearing on: "Impact of Interchange Fees on Small Business"

Total Hearings: 75

Full Committee Hearings: 45

Subcommittee Hearings: 28

Joint Hearings: 1

Committee Meetings: 1

Field Hearings: 5

Full Committee Legislative Markups: 5

Subcommittee Legislative Markups: 3

